



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB4627

Introduced 2/3/2026, by Rep. Joe C. Sosnowski

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5

35 ILCS 110/3-5

35 ILCS 115/3-5

35 ILCS 120/2-5

625 ILCS 5/3-1001

from Ch. 95 1/2, par. 3-1001

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and the Vehicle Use Tax Article of the Illinois Vehicle Code. Provides that the taxes under those Acts do not apply to a motor vehicle that is registered in the State to an Illinois resident who acquired the vehicle while the Illinois resident was stationed outside of this State as an active duty member of the military.

LRB104 16313 HLH 29699 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) A motor vehicle of the first division, as defined in
11 Section 1-146 of the Illinois Vehicle Code, that is registered
12 in the State to an Illinois resident who acquired the vehicle
13 while the Illinois resident was stationed outside of this
14 State as an active duty member of the military. This item (47)
15 is exempt from the provisions of Section 3-90.

16 As used in this item (47):

17 "Active duty member of the military" means a service
18 member who undertakes any full-time military training or
19 full-time military duty, no matter how described under federal
20 or State law, for which a service member is ordered to report
21 by the President, by the Governor of a state, commonwealth, or
22 territory of the United States, by an act of Congress, or by
23 any other appropriate military authority.

24 "Illinois resident" means an individual who meets the
25 definition of "resident" under subparagraph (A) of paragraph
26 (20) of subsection (a) of Section 1501 of the Illinois Income

1 Tax Act.

2 "Service member" means a person who is a member of any
3 component of the United States Armed Forces or the National
4 Guard of any state, the District of Columbia, a commonwealth,
5 or a territory of the United States.

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

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

13 (35 ILCS 110/3-5)

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

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

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

1 promoting the county fair.

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

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

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

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

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

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

1 on a motor vehicle required to be licensed if the selling price
2 of the tender is separately stated.

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

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

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

21 This item (7) is exempt from the provisions of Section
22 3-75.

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

1 destined for or returning from a location or locations outside
2 the United States without regard to previous or subsequent
3 domestic stopovers.

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

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

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

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

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

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

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

26 (14) Horses, or interests in horses, registered with and

1 meeting the requirements of any of the Arabian Horse Club
2 Registry of America, Appaloosa Horse Club, American Quarter
3 Horse Association, United States Trotting Association, or
4 Jockey Club, as appropriate, used for purposes of breeding or
5 racing for prizes. This item (14) is exempt from the
6 provisions of Section 3-75, and the exemption provided for
7 under this item (14) applies for all periods beginning May 30,
8 1995, but no claim for credit or refund is allowed on or after
9 January 1, 2008 (the effective date of Public Act 95-88) for
10 such taxes paid during the period beginning May 30, 2000 and
11 ending on January 1, 2008 (the effective date of Public Act
12 95-88).

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

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

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

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

4 (17) 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 (18) 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 (19) 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 3-75.

5 (20) 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 (21) 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 3-75.

12 (22) 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 3-75.

22 (23) Beginning August 23, 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 (24) 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 Use Tax Act, as the case
22 may be, based on the fair market value of the property at the
23 time the nonqualifying use occurs. No lessor shall collect or
24 attempt to collect an amount (however designated) that
25 purports to reimburse that lessor for the tax imposed by this
26 Act or the Use Tax Act, as the case may be, if the tax has not

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

8 (25) 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 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 is used in any other
17 nonexempt manner, the lessor shall be liable for the tax
18 imposed under this Act or the Use Tax Act, as the case may be,
19 based on the fair market value of the property at the time the
20 nonqualifying use occurs. No lessor shall collect or attempt
21 to collect an amount (however designated) that purports to
22 reimburse that lessor for the tax imposed by this Act or the
23 Use Tax Act, as the case may be, if the tax has not been paid
24 by the lessor. If a lessor improperly collects any such amount
25 from the lessee, the lessee shall have a legal right to claim a
26 refund of that amount from the lessor. If, however, that

1 amount is not refunded to the lessee for any reason, the lessor
2 is liable to pay that amount to the Department. This paragraph
3 is exempt from the provisions of Section 3-75.

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

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

1 Beginning January 1, 2010 and continuing through December
2 31, 2023, this exemption applies only to the use of qualifying
3 tangible personal property transferred incident to the
4 modification, refurbishment, completion, replacement, repair,
5 or maintenance of aircraft by persons who (i) hold an Air
6 Agency Certificate and are empowered to operate an approved
7 repair station by the Federal Aviation Administration, (ii)
8 have a Class IV Rating, and (iii) conduct operations in
9 accordance with Part 145 of the Federal Aviation Regulations.
10 From January 1, 2024 through December 31, 2029, this exemption
11 applies only to the use of qualifying tangible personal
12 property transferred incident to: (A) the modification,
13 refurbishment, completion, repair, replacement, or maintenance
14 of an aircraft by persons who (i) hold an Air Agency
15 Certificate and are empowered to operate an approved repair
16 station by the Federal Aviation Administration, (ii) have a
17 Class IV Rating, and (iii) conduct operations in accordance
18 with Part 145 of the Federal Aviation Regulations; and (B) the
19 modification, replacement, repair, and maintenance of aircraft
20 engines or power plants without regard to whether or not those
21 persons meet the qualifications of item (A).

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. The changes made to
26 this paragraph (27) by Public Act 98-534 are declarative of

1 existing law. It is the intent of the General Assembly that the
2 exemption under this paragraph (27) applies continuously from
3 January 1, 2010 through December 31, 2024; however, no claim
4 for credit or refund is allowed for taxes paid as a result of
5 the disallowance of this exemption on or after January 1, 2015
6 and prior to February 5, 2020 (the effective date of Public Act
7 101-629).

8 (28) Tangible personal property purchased by 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 3-75.

23 (29) Beginning January 1, 2017 and through December 31,
24 2026, menstrual pads, tampons, and menstrual cups.

25 (30) Tangible personal property transferred to 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 3-75.

3 (31) 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 (31) 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 (31):

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 (31) is exempt from the provisions of Section
3 3-75.

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

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

24 (34) 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 3-75.

12 (35) 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
17 paragraph (35) is exempt from the provisions of Section 3-75.

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

1 Facilities Act. This item (36) is exempt from the provisions
2 of Section 3-75.

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

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

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

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

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

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

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

26 (C) it prohibits the customer from licensing,

1 sublicensing, or transferring the software to a third
2 party (except to a related party) without the
3 permission and continued control of the licensor;

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

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

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

21 (39) A motor vehicle of the first division, as defined in
22 Section 1-146 of the Illinois Vehicle Code, that is registered
23 in the State to an Illinois resident who acquired the vehicle
24 while the Illinois resident was stationed outside of this
25 State as an active duty member of the military. This item (39)
26 is exempt from the provisions of Section 3-75.

1 As used in this item (39):

2 "Active duty member of the military" means a service
3 member who undertakes any full-time military training or
4 full-time military duty, no matter how described under federal
5 or State law, for which a service member is ordered to report
6 by the President, by the Governor of a state, commonwealth, or
7 territory of the United States, by an act of Congress, or by
8 any other appropriate military authority.

9 "Illinois resident" means an individual who meets the
10 definition of "resident" under subparagraph (A) of paragraph
11 (20) of subsection (a) of Section 1501 of the Illinois Income
12 Tax Act.

13 "Service member" means a person who is a member of any
14 component of the United States Armed Forces or the National
15 Guard of any state, the District of Columbia, a commonwealth,
16 or a territory of the United States.

17 (Source: P.A. 103-9, Article 5, Section 5-10, eff. 6-7-23;
18 103-9, Article 15, Section 15-10, 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; 103-995, eff. 8-9-24; 104-417, eff.
22 8-15-25.)

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

1 (35 ILCS 115/3-5)

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

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

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

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

1 purchases unless it has an active identification number issued
2 by the Department.

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

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

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

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

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

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

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

1 to, the collection, monitoring, and correlation of animal and
2 crop data for the purpose of formulating animal diets and
3 agricultural chemicals.

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

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

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

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

26 (9) Proceeds of mandatory service charges separately

1 stated on customers' bills for the purchase and consumption of
2 food and beverages, to the extent that the proceeds of the
3 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) Photoprocessing machinery and equipment, including
19 repair and replacement parts, both new and used, including
20 that manufactured on special order, certified by the purchaser
21 to be used primarily for photoprocessing, and including
22 photoprocessing machinery and equipment purchased for lease.

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

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

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

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

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

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

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

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

24 (18) Beginning with taxable years ending on or after
25 December 31, 1995 and ending with taxable years ending on or
26 before December 31, 2004, personal property that is donated

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

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

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

25 (21) A motor vehicle, as that term is defined in Section
26 1-146 of the Illinois Vehicle Code, that is donated to a

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

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

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

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

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

26 (25) Beginning on August 2, 2001 (the effective date of

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

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

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

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

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

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

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

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

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

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

26 (31) Tangible personal property transferred to a purchaser

1 who is exempt from tax by operation of federal law. This
2 paragraph is exempt from the provisions of Section 3-55.

3 (32) 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 (32) 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 (32):

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

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

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

24 (35) 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 3-55.

12 (36) 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
17 paragraph (36) is exempt from the provisions of Section 3-55.

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

1 Facilities Act. This item (37) is exempt from the provisions
2 of Section 3-55.

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

10 (39) The lease of the following tangible personal
11 property:

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

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

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

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

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

26 (C) it prohibits the customer from licensing,

1 sublicensing, or transferring the software to a third
2 party (except to a related party) without the
3 permission and continued control of the licensor;

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

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

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

21 (40) A motor vehicle of the first division, as defined in
22 Section 1-146 of the Illinois Vehicle Code, that is registered
23 in the State to an Illinois resident who acquired the vehicle
24 while the Illinois resident was stationed outside of this
25 State as an active duty member of the military. This item (40)
26 is exempt from the provisions of Section 3-55.

1 As used in this item (40):

2 "Active duty member of the military" means a service
3 member who undertakes any full-time military training or
4 full-time military duty, no matter how described under federal
5 or State law, for which a service member is ordered to report
6 by the President, by the Governor of a state, commonwealth, or
7 territory of the United States, by an act of Congress, or by
8 any other appropriate military authority.

9 "Illinois resident" means an individual who meets the
10 definition of "resident" under subparagraph (A) of paragraph
11 (20) of subsection (a) of Section 1501 of the Illinois Income
12 Tax Act.

13 "Service member" means a person who is a member of any
14 component of the United States Armed Forces or the National
15 Guard of any state, the District of Columbia, a commonwealth,
16 or a territory of the United States.

17 (Source: P.A. 103-9, Article 5, Section 5-15, eff. 6-7-23;
18 103-9, Article 15, Section 15-15, 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; 103-995, eff. 8-9-24; 104-417, eff.
22 8-15-25.)

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

1 (35 ILCS 120/2-5)

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

6 (1) Farm chemicals.

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

1 stated.

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

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

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

20 This item (2) is exempt from the provisions of Section
21 2-70.

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

1 for the personal use of the user, and not subject to sale
2 or resale.

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

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

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

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

26 (8) Personal property sold to an Illinois county fair

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

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

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

25 (11) Except as otherwise provided in this Section,
26 personal property sold to a governmental body, to a

1 corporation, society, association, foundation, or
2 institution organized and operated exclusively for
3 charitable, religious, or educational purposes, or to a
4 not-for-profit corporation, society, association,
5 foundation, institution, or organization that has no
6 compensated officers or employees and that is organized
7 and operated primarily for the recreation of persons 55
8 years of age or older. A limited liability company may
9 qualify for the exemption under this paragraph only if the
10 limited liability company is organized and operated
11 exclusively for educational purposes. On and after July 1,
12 1987, however, no entity otherwise eligible for this
13 exemption shall make tax-free purchases unless it has an
14 active identification number issued by the Department.

15 (12) (Blank).

16 (12-5) On and after July 1, 2003 and through June 30,
17 2004, motor vehicles of the second division with a gross
18 vehicle weight in excess of 8,000 pounds that are subject
19 to the commercial distribution fee imposed under Section
20 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
21 2004 and through June 30, 2005, the use in this State of
22 motor vehicles of the second division: (i) with a gross
23 vehicle weight rating in excess of 8,000 pounds; (ii) that
24 are subject to the commercial distribution fee imposed
25 under Section 3-815.1 of the Illinois Vehicle Code; and
26 (iii) that are primarily used for commercial purposes.

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

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

18 (14) Machinery and equipment that will be used by the
19 purchaser, or a lessee of the purchaser, primarily in the
20 process of manufacturing or assembling tangible personal
21 property for wholesale or retail sale or lease, whether
22 the sale or lease is made directly by the manufacturer or
23 by some other person, whether the materials used in the
24 process are owned by the manufacturer or some other
25 person, or whether the sale or lease is made apart from or
26 as an incident to the seller's engaging in the service

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

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

26 (16) Tangible personal property sold to a purchaser if

1 the purchaser is exempt from use tax by operation of
2 federal law. This paragraph is exempt from the provisions
3 of Section 2-70.

4 (17) Tangible personal property sold to a common
5 carrier by rail or motor that receives the physical
6 possession of the property in Illinois and that transports
7 the property, or shares with another common carrier in the
8 transportation of the property, out of Illinois on a
9 standard uniform bill of lading showing the seller of the
10 property as the shipper or consignor of the property to a
11 destination outside Illinois, for use outside Illinois.

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

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

26 (20) Photoprocessing machinery and equipment,

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

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

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

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

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

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

19 (25) Except as provided in items (25-5) and (25-6) of
20 this Section, a motor vehicle sold in this State to a
21 nonresident even though the motor vehicle is delivered to
22 the nonresident in this State, if the motor vehicle is not
23 to be titled in this State, and if a drive-away permit is
24 issued to the motor vehicle as provided in Section 3-603
25 of the Illinois Vehicle Code or if the nonresident
26 purchaser has vehicle registration plates to transfer to

1 the motor vehicle upon returning to his or her home state.
2 The issuance of the drive-away permit or having the
3 out-of-state registration plates to be transferred is
4 prima facie evidence that the motor vehicle will not be
5 titled in this State.

6 (25-5) The exemption under item (25) does not apply if
7 the state in which the motor vehicle will be titled does
8 not allow a reciprocal exemption for a motor vehicle sold
9 and delivered in that state to an Illinois resident but
10 titled in Illinois. The tax collected under this Act on
11 the sale of a motor vehicle in this State to a resident of
12 another state that does not allow a reciprocal exemption
13 shall be imposed at a rate equal to the state's rate of tax
14 on taxable property in the state in which the purchaser is
15 a resident, except that the tax shall not exceed the tax
16 that would otherwise be imposed under this Act. At the
17 time of the sale, the purchaser shall execute a statement,
18 signed under penalty of perjury, of his or her intent to
19 title the vehicle in the state in which the purchaser is a
20 resident within 30 days after the sale and of the fact of
21 the payment to the State of Illinois of tax in an amount
22 equivalent to the state's rate of tax on taxable property
23 in his or her state of residence and shall submit the
24 statement to the appropriate tax collection agency in his
25 or her state of residence. In addition, the retailer must
26 retain a signed copy of the statement in his or her

1 records. Nothing in this item shall be construed to
2 require the removal of the vehicle from this state
3 following the filing of an intent to title the vehicle in
4 the purchaser's state of residence if the purchaser titles
5 the vehicle in his or her state of residence within 30 days
6 after the date of sale. The tax collected under this Act in
7 accordance with this item (25-5) shall be proportionately
8 distributed as if the tax were collected at the 6.25%
9 general rate imposed under this Act.

10 (25-6) There is a rebuttable presumption that the
11 exemption under item (25) does not apply if the purchaser
12 is a limited liability company and a member of the limited
13 liability company is a resident of Illinois. This
14 presumption may be rebutted by other evidence, such as
15 evidence the motor vehicle is insured at a garaging or
16 storage address outside Illinois or other evidence of the
17 physical address at which the motor vehicle will be
18 permanently stored or garaged outside Illinois.

19 (25-7) Beginning on July 1, 2007, no tax is imposed
20 under this Act on the sale of an aircraft, as defined in
21 Section 3 of the Illinois Aeronautics Act, if all of the
22 following conditions are met:

23 (1) the aircraft leaves this State within 15 days
24 after the later of either the issuance of the final
25 billing for the sale of the aircraft, or the
26 authorized approval for return to service, completion

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

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

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

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

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

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

1 this State.

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

4 (26) Semen used for artificial insemination of
5 livestock for direct agricultural production.

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

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

1 Section 1g of this Act.

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

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

19 (31) Beginning with taxable years ending on or after
20 December 31, 1995 and ending with taxable years ending on
21 or before December 31, 2004, personal property that is
22 used in the performance of infrastructure repairs in this
23 State, including, but not limited to, municipal roads and
24 streets, access roads, bridges, sidewalks, waste disposal
25 systems, water and sewer line extensions, water
26 distribution and purification facilities, storm water

1 drainage and retention facilities, and sewage treatment
2 facilities, resulting from a State or federally declared
3 disaster in Illinois or bordering Illinois when such
4 repairs are initiated on facilities located in the
5 declared disaster area within 6 months after the disaster.

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

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

1 individuals to follow a trade or to pursue a manual,
2 technical, mechanical, industrial, business, or commercial
3 occupation.

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

19 (35) Beginning January 1, 2000 and through December
20 31, 2001, new or used automatic vending machines that
21 prepare and serve hot food and beverages, including
22 coffee, soup, and other items, and replacement parts for
23 these machines. Beginning January 1, 2002 and through June
24 30, 2003, machines and parts for machines used in
25 commercial, coin-operated amusement and vending business
26 if a use or occupation tax is paid on the gross receipts

1 derived from the use of the commercial, coin-operated
2 amusement and vending machines. This paragraph is exempt
3 from the provisions of Section 2-70.

4 (35-5) Beginning August 23, 2001 and through June 30,
5 2016, food for human consumption that is to be consumed
6 off the premises where it is sold (other than alcoholic
7 beverages, soft drinks, and food that has been prepared
8 for immediate consumption) and prescription and
9 nonprescription medicines, drugs, medical appliances, and
10 insulin, urine testing materials, syringes, and needles
11 used by diabetics, for human use, when purchased for use
12 by a person receiving medical assistance under Article V
13 of the Illinois Public Aid Code who resides in a licensed
14 long-term care facility, as defined in the Nursing Home
15 Care Act, or a licensed facility as defined in the ID/DD
16 Community Care Act, the MC/DD Act, or the Specialized
17 Mental Health Rehabilitation Act of 2013.

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

1 of Section 2-70.

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

9 (38) Beginning on January 1, 2002 and through June 30,
10 2016, tangible personal property purchased from an
11 Illinois retailer by a taxpayer engaged in centralized
12 purchasing activities in Illinois who will, upon receipt
13 of the property in Illinois, temporarily store the
14 property in Illinois (i) for the purpose of subsequently
15 transporting it outside this State for use or consumption
16 thereafter solely outside this State or (ii) for the
17 purpose of being processed, fabricated, or manufactured
18 into, attached to, or incorporated into other tangible
19 personal property to be transported outside this State and
20 thereafter used or consumed solely outside this State. The
21 Director of Revenue shall, pursuant to rules adopted in
22 accordance with the Illinois Administrative Procedure Act,
23 issue a permit to any taxpayer in good standing with the
24 Department who is eligible for the exemption under this
25 paragraph (38). The permit issued under this paragraph
26 (38) shall authorize the holder, to the extent and in the

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

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

15 (40) Beginning January 1, 2010 and continuing through
16 December 31, 2029, materials, parts, equipment,
17 components, and furnishings incorporated into or upon an
18 aircraft as part of the modification, refurbishment,
19 completion, replacement, repair, or maintenance of the
20 aircraft. This exemption includes consumable supplies used
21 in the modification, refurbishment, completion,
22 replacement, repair, and maintenance of aircraft. However,
23 until January 1, 2024, this exemption excludes any
24 materials, parts, equipment, components, and consumable
25 supplies used in the modification, replacement, repair,
26 and maintenance of aircraft engines or power plants,

1 whether such engines or power plants are installed or
2 uninstalled upon any such aircraft. "Consumable supplies"
3 include, but are not limited to, adhesive, tape,
4 sandpaper, general purpose lubricants, cleaning solution,
5 latex gloves, and protective films.

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

1 Federal Aviation Regulations; and (B) persons who engage
2 in the modification, replacement, repair, and maintenance
3 of aircraft engines or power plants without regard to
4 whether or not those persons meet the qualifications of
5 item (A).

6 The changes made to this paragraph (40) by Public Act
7 98-534 are declarative of existing law. It is the intent
8 of the General Assembly that the exemption under this
9 paragraph (40) applies continuously from January 1, 2010
10 through December 31, 2024; however, no claim for credit or
11 refund is allowed for taxes paid as a result of the
12 disallowance of this exemption on or after January 1, 2015
13 and prior to February 5, 2020 (the effective date of
14 Public Act 101-629).

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

1 existing public-facilities corporations as provided in
2 Section 11-65-25 of the Illinois Municipal Code. This
3 paragraph is exempt from the provisions of Section 2-70.

4 (42) Beginning January 1, 2017 and through December
5 31, 2026, menstrual pads, tampons, and menstrual cups.

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

14 (44) 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
20 subcontractor of the owner, operator, or tenant. Data
21 centers that would have qualified for a certificate of
22 exemption prior to January 1, 2020 had Public Act 101-31
23 been in effect, may apply for and obtain an exemption for
24 subsequent purchases of computer equipment or enabling
25 software purchased or leased to upgrade, supplement, or
26 replace computer equipment or enabling software purchased

1 or leased in the original investment that would have
2 qualified.

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

9 For the purposes of this item (44):

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

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

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

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

18 (45) Beginning January 1, 2020 and through December
19 31, 2020, sales of tangible personal property made by a
20 marketplace seller over a marketplace for which tax is due
21 under this Act but for which use tax has been collected and
22 remitted to the Department by a marketplace facilitator
23 under Section 2d of the Use Tax Act are exempt from tax
24 under this Act. A marketplace seller claiming this
25 exemption shall maintain books and records demonstrating
26 that the use tax on such sales has been collected and

1 remitted by a marketplace facilitator. Marketplace sellers
2 that have properly remitted tax under this Act on such
3 sales may file a claim for credit as provided in Section 6
4 of this Act. No claim is allowed, however, for such taxes
5 for which a credit or refund has been issued to the
6 marketplace facilitator under the Use Tax Act, or for
7 which the marketplace facilitator has filed a claim for
8 credit or refund under the Use Tax Act.

9 (46) Beginning July 1, 2022, breast pumps, breast pump
10 collection and storage supplies, and breast pump kits.
11 This item (46) is exempt from the provisions of Section
12 2-70. As used in this item (46):

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

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

25 "Breast pump collection and storage supplies"
26 includes, but is not limited to: breast shields and breast

1 shield connectors; breast pump tubes and tubing adapters;
2 breast pump valves and membranes; backflow protectors and
3 backflow protector adaptors; bottles and bottle caps
4 specific to the operation of the breast pump; and breast
5 milk storage bags.

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

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

25 (47) Tangible personal property sold by or on behalf
26 of the State Treasurer pursuant to the Revised Uniform

1 Unclaimed Property Act. This item (47) is exempt from the
2 provisions of Section 2-70.

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

17 (49) Beginning July 1, 2024, home-delivered meals
18 provided to Medicare or Medicaid recipients when payment
19 is made by an intermediary, such as a Medicare
20 Administrative Contractor, a Managed Care Organization, or
21 a Medicare Advantage Organization, pursuant to a
22 government contract. This paragraph (49) is exempt from
23 the provisions of Section 2-70.

24 (50) Beginning on January 1, 2026, as further defined
25 in Section 2-10, food for human consumption that is to be
26 consumed off the premises where it is sold (other than

1 alcoholic beverages, food consisting of or infused with
2 adult use cannabis, soft drinks, candy, and food that has
3 been prepared for immediate consumption). This item (50)
4 is exempt from the provisions of Section 2-70.

5 (51) Gross receipts from the lease of the following
6 tangible personal property:

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

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

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

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

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

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

1 licensor;

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

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

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

21 (52) A motor vehicle of the first division, as defined
22 in Section 1-146 of the Illinois Vehicle Code, that is
23 registered in the State to an Illinois resident who
24 acquired the vehicle while the Illinois resident was
25 stationed outside of this State as an active duty member
26 of the military. This item (52) is exempt from the

1 provisions of Section 2-70.

2 As used in this item (52):

3 "Active duty member of the military" means a service
4 member who undertakes any full-time military training or
5 full-time military duty, no matter how described under
6 federal or State law, for which a service member is
7 ordered to report by the President, by the Governor of a
8 state, commonwealth, or territory of the United States, by
9 an act of Congress, or by any other appropriate military
10 authority.

11 "Illinois resident" means an individual who meets the
12 definition of "resident" under subparagraph (A) of
13 paragraph (20) of subsection (a) of Section 1501 of the
14 Illinois Income Tax Act.

15 "Service member" means a person who is a member of any
16 component of the United States Armed Forces or the
17 National Guard of any state, the District of Columbia, a
18 commonwealth, or a territory of the United States.

19 (Source: P.A. 103-9, Article 5, Section 5-20, eff. 6-7-23;
20 103-9, Article 15, Section 15-20, eff. 6-7-23; 103-154, eff.
21 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
22 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
23 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-6, eff.
24 6-16-25; 104-417, eff. 8-15-25.)

25 Section 25. The Illinois Vehicle Code is amended by

1 changing Section 3-1001 as follows:

2 (625 ILCS 5/3-1001) (from Ch. 95 1/2, par. 3-1001)

3 Sec. 3-1001. A tax is hereby imposed on the privilege of
4 using, in this State, any motor vehicle as defined in Section
5 1-146 of this Code acquired by gift, transfer, or purchase,
6 and having a year model designation preceding the year of
7 application for title by 5 or fewer years prior to October 1,
8 1985 and 10 or fewer years on and after October 1, 1985 and
9 prior to January 1, 1988. On and after January 1, 1988, the tax
10 shall apply to all motor vehicles without regard to model
11 year. Except that the tax shall not apply:

12 (i) if the use of the motor vehicle is otherwise taxed
13 under the Use Tax Act;

14 (ii) if the motor vehicle is bought and used by a
15 governmental agency or a society, association, foundation
16 or institution organized and operated exclusively for
17 charitable, religious or educational purposes;

18 (iii) if the use of the motor vehicle is not subject to
19 the Use Tax Act by reason of subsection (a), (b), (c), (d),
20 (e) or (f) of Section 3-55 of that Act dealing with the
21 prevention of actual or likely multistate taxation;

22 (iv) to implements of husbandry;

23 (v) when a junking certificate is issued pursuant to
24 Section 3-117(a) of this Code;

25 (vi) when a vehicle is subject to the replacement

vehicle tax imposed by Section 3-2001 of this Act;

(vii) when the transfer is a gift to a beneficiary in the administration of an estate and the beneficiary is a surviving spouse;

(viii) if the motor vehicle is purchased for the purpose of resale by a retailer registered under Section 2a of the Retailers' Occupation Tax Act; or

(ix) if the use of the motor vehicle is not subject to the Use Tax Act by reason of item (47) of Section 3-5 of that Act.

Prior to January 1, 1988, the rate of tax shall be 5% of the selling price for each purchase of a motor vehicle covered by Section 3-1001 of this Code. Except as hereinafter provided, beginning January 1, 1988 and until January 1, 2022, the rate of tax shall be as follows for transactions in which the selling price of the motor vehicle is less than \$15,000:

Number of Years Transpired After Model Year of Motor Vehicle	Applicable Tax
1 or less	\$390
2	290
3	215
4	165
5	115
6	90
7	80
8	65

1	9	50
2	10	40
3	over 10	25

4 Except as hereinafter provided, beginning January 1, 1988 and
5 until January 1, 2022, the rate of tax shall be as follows for
6 transactions in which the selling price of the motor vehicle
7 is \$15,000 or more:

8	Selling Price	Applicable Tax
9	\$15,000 - \$19,999	\$ 750
10	\$20,000 - \$24,999	\$1,000
11	\$25,000 - \$29,999	\$1,250
12	\$30,000 and over	\$1,500

13 Except as hereinafter provided, beginning on January 1,
14 2022, the rate of tax shall be as follows for transactions in
15 which the selling price of the motor vehicle is less than
16 \$15,000:

17 (1) if one year or less has transpired after the model
18 year of the vehicle, then the applicable tax is \$465;

19 (2) if 2 years have transpired after the model year of
20 the motor vehicle, then the applicable tax is \$365;

21 (3) if 3 years have transpired after the model year of
22 the motor vehicle, then the applicable tax is \$290;

23 (4) if 4 years have transpired after the model year of
24 the motor vehicle, then the applicable tax is \$240;

25 (5) if 5 years have transpired after the model year of
26 the motor vehicle, then the applicable tax is \$190;

1 (6) if 6 years have transpired after the model year of
2 the motor vehicle, then the applicable tax is \$165;

3 (7) if 7 years have transpired after the model year of
4 the motor vehicle, then the applicable tax is \$155;

5 (8) if 8 years have transpired after the model year of
6 the motor vehicle, then the applicable tax is \$140;

7 (9) if 9 years have transpired after the model year of
8 the motor vehicle, then the applicable tax is \$125;

9 (10) if 10 years have transpired after the model year
10 of the motor vehicle, then the applicable tax is \$115; and

11 (11) if more than 10 years have transpired after the
12 model year of the motor vehicle, then the applicable tax
13 is \$100.

14 Except as hereinafter provided, beginning on January 1,
15 2022, the rate of tax shall be as follows for transactions in
16 which the selling price of the motor vehicle is \$15,000 or
17 more:

18 (1) if the selling price is \$15,000 or more, but less
19 than \$20,000, then the applicable tax shall be \$850;

20 (2) if the selling price is \$20,000 or more, but less
21 than \$25,000, then the applicable tax shall be \$1,100;

22 (3) if the selling price is \$25,000 or more, but less
23 than \$30,000, then the applicable tax shall be \$1,350;

24 (4) if the selling price is \$30,000 or more, but less
25 than \$50,000, then the applicable tax shall be \$1,600;

26 (5) if the selling price is \$50,000 or more, but less

1 than \$100,000, then the applicable tax shall be \$2,600;

2 (6) if the selling price is \$100,000 or more, but less
3 than \$1,000,000, then the applicable tax shall be \$5,100;
4 and

5 (7) if the selling price is \$1,000,000 or more, then
6 the applicable tax shall be \$10,100.

7 For the following transactions, the tax rate shall be \$15 for
8 each motor vehicle acquired in such transaction:

9 (i) when the transferee or purchaser is the spouse,
10 mother, father, brother, sister or child of the
11 transferor;

12 (ii) when the transfer is a gift to a beneficiary in
13 the administration of an estate, including, but not
14 limited to, the administration of an inter vivos trust
15 that became irrevocable upon the death of a grantor, and
16 the beneficiary is not a surviving spouse;

17 (iii) when a motor vehicle which has once been
18 subjected to the Illinois retailers' occupation tax or use
19 tax is transferred in connection with the organization,
20 reorganization, dissolution or partial liquidation of an
21 incorporated or unincorporated business wherein the
22 beneficial ownership is not changed.

23 A claim that the transaction is taxable under subparagraph
24 (i) shall be supported by such proof of family relationship as
25 provided by rules of the Department.

26 For a transaction in which a motorcycle, motor driven

1 cycle or moped is acquired the tax rate shall be \$25.

2 On and after October 1, 1985 and until January 1, 2022,
3 1/12 of \$5,000,000 of the moneys received by the Department of
4 Revenue pursuant to this Section shall be paid each month into
5 the Build Illinois Fund; on and after January 1, 2022, 1/12 of
6 \$40,000,000 of the moneys received by the Department of
7 Revenue pursuant to this Section shall be paid each month into
8 the Build Illinois Fund; and the remainder shall be paid into
9 the General Revenue Fund.

10 The tax imposed by this Section shall be abated and no
11 longer imposed when the amount deposited to secure the bonds
12 issued pursuant to the Build Illinois Bond Act is sufficient
13 to provide for the payment of the principal of, and interest
14 and premium, if any, on the bonds, as certified to the State
15 Comptroller and the Director of Revenue by the Director of the
16 Governor's Office of Management and Budget.

17 (Source: P.A. 104-6, eff. 6-16-25.)