

# SB2028



## 104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2028

Introduced 2/6/2025, by Sen. Celina Villanueva

### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5  
35 ILCS 110/3-5  
35 ILCS 115/3-5  
35 ILCS 120/2-5

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Creates an exemption for equipment and materials placed in service on or after January 1, 2026 that are incorporated into or used in the business of providing broadband services. Effective immediately.

LRB104 10539 HLH 20615 b

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

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

17           (7) Farm chemicals.

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

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

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

1 Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Protection Act, that is operated by a not-for-profit  
2 corporation that holds a valid water supply permit issued  
3 under Title IV of the Environmental Protection Act. This  
4 paragraph is exempt from the provisions of Section 3-90.

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

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

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

15 The exemption does not include aircraft operated by a  
16 commercial air carrier providing scheduled passenger air  
17 service pursuant to authority issued under Part 121 or Part  
18 129 of the Federal Aviation Regulations. The changes made to  
19 this paragraph (35) by Public Act 98-534 are declarative of  
20 existing law. It is the intent of the General Assembly that the  
21 exemption under this paragraph (35) applies continuously from  
22 January 1, 2010 through December 31, 2024; however, no claim  
23 for credit or refund is allowed for taxes paid as a result of  
24 the disallowance of this exemption on or after January 1, 2015  
25 and prior to February 5, 2020 (the effective date of Public Act  
26 101-629).

1           (36) Tangible personal property purchased by a  
2 public-facilities corporation, as described in Section  
3 11-65-10 of the Illinois Municipal Code, for purposes of  
4 constructing or furnishing a municipal convention hall, but  
5 only if the legal title to the municipal convention hall is  
6 transferred to the municipality without any further  
7 consideration by or on behalf of the municipality at the time  
8 of the completion of the municipal convention hall or upon the  
9 retirement or redemption of any bonds or other debt  
10 instruments issued by the public-facilities corporation in  
11 connection with the development of the municipal convention  
12 hall. This exemption includes existing public-facilities  
13 corporations as provided in Section 11-65-25 of the Illinois  
14 Municipal Code. This paragraph is exempt from the provisions  
15 of Section 3-90.

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

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

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

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

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

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

22 For the purposes of this item (40):

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

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

1 Economic Opportunity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10          (47) Equipment and materials placed in service on or after  
11          January 1, 2026 that are incorporated into or used in the  
12          business of providing broadband services, including all  
13          equipment and materials machinery, software, or other tangible  
14          personal property that is used in whole or in part in  
15          producing, broadcasting, distributing, sending, receiving,  
16          storing, transmitting, retransmitting, amplifying, switching,  
17          or routing broadband services, including the monitoring,  
18          testing, maintaining, enabling, or facilitating of such  
19          equipment, machinery, software, or other infrastructure. That  
20          property includes, but is not limited to, wires, cables  
21          including fiber optic cables, antennas, poles, switches,  
22          routers, amplifiers, rectifiers, repeaters, receivers,  
23          multiplexers, duplexers, transmitters, power equipment, backup  
24          power equipment, diagnostic equipment, storage devices,  
25          modems, and other general central office equipment, such as  
26          channel cards, frames, and cabinets. As used in this item

1 (47), "broadband" and "broadband service" have the meanings  
2 given to those terms under Section 10 of the Broadband  
3 Advisory Council Act. This item (47) is exempt from the  
4 provisions of Section 3-90.

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

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

15 (35 ILCS 110/3-5)

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

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

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

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

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

23           (5) Until July 1, 2003 and beginning again on September 1,  
24 2004 through August 30, 2014, graphic arts machinery and  
25 equipment, including repair and replacement parts, both new  
26 and used, and including that manufactured on special order or

1 purchased for lease, certified by the purchaser to be used  
2 primarily for graphic arts production. Equipment includes  
3 chemicals or chemicals acting as catalysts but only if the  
4 chemicals or chemicals acting as catalysts effect a direct and  
5 immediate change upon a graphic arts product. Beginning on  
6 July 1, 2017, graphic arts machinery and equipment is included  
7 in the manufacturing and assembling machinery and equipment  
8 exemption under Section 2 of this Act.

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

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

1 tanks and dry boxes shall include units sold separately from a  
2 motor vehicle required to be licensed and units sold mounted  
3 on a motor vehicle required to be licensed if the selling price  
4 of the tender is separately stated.

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

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

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

23 This item (7) is exempt from the provisions of Section  
24 3-75.

25 (8) Until June 30, 2013, fuel and petroleum products sold  
26 to or used by an air common 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 flight  
3 destined for or returning from a location or locations outside  
4 the United States without regard to previous or subsequent  
5 domestic stopovers.

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

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

25 (10) Until July 1, 2003, oil field exploration, drilling,  
26 and production equipment, including (i) rigs and parts of

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

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

15 (12) Until July 1, 2028, coal and aggregate exploration,  
16 mining, off-highway hauling, processing, maintenance, and  
17 reclamation equipment, including replacement parts and  
18 equipment, and including equipment purchased for lease, but  
19 excluding motor vehicles required to be registered under the  
20 Illinois Vehicle Code. The changes made to this Section by  
21 Public Act 97-767 apply on and after July 1, 2003, but no claim  
22 for credit or refund is allowed on or after August 16, 2013  
23 (the effective date of Public Act 98-456) for such taxes paid  
24 during the period beginning July 1, 2003 and ending on August  
25 16, 2013 (the effective date of Public Act 98-456).

26 (13) Semen used for artificial insemination of livestock

1 for direct agricultural production.

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

15 (15) Computers and communications equipment utilized for  
16 any hospital purpose and equipment used in the diagnosis,  
17 analysis, or treatment of hospital patients purchased by a  
18 lessor who leases the equipment, under a lease of one year or  
19 longer executed or in effect at the time the lessor would  
20 otherwise be subject to the tax imposed by this Act, to a  
21 hospital that has been issued an active tax exemption  
22 identification number by the Department under Section 1g of  
23 the Retailers' Occupation Tax Act. If the equipment is leased  
24 in a manner that does not qualify for this exemption or is used  
25 in any other non-exempt manner, the lessor shall be liable for  
26 the tax imposed under this Act or the Use Tax Act, as the case

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

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

1 by the lessor. If a lessor improperly collects any such amount  
2 from the lessee, the lessee shall have a legal right to claim a  
3 refund of that amount from the lessor. If, however, that  
4 amount is not refunded to the lessee for any reason, the lessor  
5 is liable to pay that amount to the Department.

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

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

1 in the declared disaster area within 6 months after the  
2 disaster.

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

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

26 (21) Beginning January 1, 2000, personal property,

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

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

24 (23) Beginning August 23, 2001 and through June 30, 2016,  
25 food for human consumption that is to be consumed off the  
26 premises where it is sold (other than alcoholic beverages,

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

11 (24) Beginning on August 2, 2001 (the effective date of  
12 Public Act 92-227), computers and communications equipment  
13 utilized for any hospital purpose and equipment used in the  
14 diagnosis, analysis, or treatment of hospital patients  
15 purchased by a lessor who leases the equipment, under a lease  
16 of one year or longer executed or in effect at the time the  
17 lessor would otherwise be subject to the tax imposed by this  
18 Act, to a 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 nonexempt manner, the lessor shall be liable for  
23 the tax imposed under this Act or the Use Tax Act, as the case  
24 may be, based on the fair market value of the property at the  
25 time the nonqualifying use occurs. No lessor shall collect or  
26 attempt to collect an amount (however designated) that

1 purports to reimburse that lessor for the tax imposed by this  
2 Act or the Use Tax Act, as the case may be, if the tax has not  
3 been paid by the lessor. If a lessor improperly collects any  
4 such amount from the lessee, the lessee shall have a legal  
5 right to claim a refund of that amount from the lessor. If,  
6 however, that amount is not refunded to the lessee for any  
7 reason, the lessor is liable to pay that amount to the  
8 Department. This paragraph is exempt from the provisions of  
9 Section 3-75.

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

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

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

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

1 sandpaper, general purpose lubricants, cleaning solution,  
2 latex gloves, and protective films.

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

24 The exemption does not include aircraft operated by a  
25 commercial air carrier providing scheduled passenger air  
26 service pursuant to authority issued under Part 121 or Part

1 129 of the Federal Aviation Regulations. The changes made to  
2 this paragraph (27) by Public Act 98-534 are declarative of  
3 existing law. It is the intent of the General Assembly that the  
4 exemption under this paragraph (27) applies continuously from  
5 January 1, 2010 through December 31, 2024; however, no claim  
6 for credit or refund is allowed for taxes paid as a result of  
7 the disallowance of this exemption on or after January 1, 2015  
8 and prior to February 5, 2020 (the effective date of Public Act  
9 101-629).

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

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

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

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

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

24           For the purposes of this item (31):

25           "Data center" means a building or a series of  
26 buildings rehabilitated or constructed to house working

1 servers in one physical location or multiple sites within  
2 the State of Illinois.

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

1 must obtain from the purchaser a copy of the certificate  
2 of eligibility issued by the Department of Commerce and  
3 Economic Opportunity.

4 This item (31) is exempt from the provisions of Section  
5 3-75.

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

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

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

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

1 specific to the operation of the breast pump; and breast  
2 milk storage bags.

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

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

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

26 (34) Beginning on January 1, 2024, tangible personal

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

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

20 (36) ~~(35)~~ Beginning on January 1, 2026, as further defined  
21 in Section 3-10, food prepared for immediate consumption and  
22 transferred incident to a sale of service subject to this Act  
23 or the Service Occupation Tax Act by an entity licensed under  
24 the Hospital Licensing Act, the Nursing Home Care Act, the  
25 Assisted Living and Shared Housing Act, the ID/DD Community  
26 Care Act, the MC/DD Act, the Specialized Mental Health

1 Rehabilitation Act of 2013, or the Child Care Act of 1969~~7~~ or  
2 by an entity that holds a permit issued pursuant to the Life  
3 Care Facilities Act. This item (36) ~~(35)~~ is exempt from the  
4 provisions of Section 3-75.

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

12 (38) ~~(35)~~ Use by a lessee of the following leased tangible  
13 personal property:

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

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

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

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

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

1 use of the software;

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

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

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

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

23 (39) Equipment and materials placed in service on or after  
24 January 1, 2026 that are incorporated into or used in the  
25 business of providing broadband services, including all  
26 equipment and materials machinery, software, or other tangible

1 personal property that is used in whole or in part in  
2 producing, broadcasting, distributing, sending, receiving,  
3 storing, transmitting, retransmitting, amplifying, switching,  
4 or routing broadband services, including the monitoring,  
5 testing, maintaining, enabling, or facilitating of such  
6 equipment, machinery, software, or other infrastructure. That  
7 property includes, but is not limited to, wires, cables  
8 including fiber optic cables, antennas, poles, switches,  
9 routers, amplifiers, rectifiers, repeaters, receivers,  
10 multiplexers, duplexers, transmitters, power equipment, backup  
11 power equipment, diagnostic equipment, storage devices,  
12 modems, and other general central office equipment, such as  
13 channel cards, frames, and cabinets. As used in this item  
14 (39), "broadband" and "broadband service" have the meanings  
15 given to those terms under Section 10 of the Broadband  
16 Advisory Council Act. This item (39) is exempt from the  
17 provisions of Section 3-75.

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

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

3           (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

25 (7) Farm machinery and equipment, both new and used,  
26 including that manufactured on special order, certified by the

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

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

26 Farm machinery and equipment also includes computers,

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

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

10 This item (7) is exempt from the provisions of Section  
11 3-55.

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

19 Beginning July 1, 2013, fuel and petroleum products sold  
20 to or used by an air carrier, certified by the carrier to be  
21 used for consumption, shipment, or storage in the conduct of  
22 its business as an air common carrier, for a flight that (i) is  
23 engaged in foreign trade or is engaged in trade between the  
24 United States and any of its possessions and (ii) transports  
25 at least one individual or package for hire from the city of  
26 origination to the city of final destination on the same

1 aircraft, without regard to a change in the flight number of  
2 that aircraft.

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

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

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

26 (12) Until July 1, 2028, coal and aggregate exploration,

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

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

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

26 (15) 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 (15) is exempt from the  
6 provisions of Section 3-55, and the exemption provided for  
7 under this item (15) 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 (16) Computers and communications equipment utilized for  
14 any hospital purpose and equipment used in the diagnosis,  
15 analysis, or treatment of hospital patients sold to a lessor  
16 who leases the equipment, under a lease of one year or longer  
17 executed or in effect at the time of the purchase, to a  
18 hospital that has been issued an active tax exemption  
19 identification number by the Department under Section 1g of  
20 the Retailers' Occupation Tax Act.

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

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

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

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

1 provisions of Section 3-55.

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

21 (22) Beginning January 1, 2000, personal property,  
22 including food, purchased through fundraising events for the  
23 benefit of a public or private elementary or secondary school,  
24 a group of those schools, or one or more school districts if  
25 the events are sponsored by an entity recognized by the school  
26 district that consists primarily of volunteers and includes

1 parents and teachers of the school children. This paragraph  
2 does not apply to fundraising events (i) for the benefit of  
3 private home instruction or (ii) for which the fundraising  
4 entity purchases the personal property sold at the events from  
5 another individual or entity that sold the property for the  
6 purpose of resale by the fundraising entity and that profits  
7 from the sale to the fundraising entity. This paragraph is  
8 exempt from the provisions of Section 3-55.

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

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

1 the Retailers' Occupation Tax Act. This paragraph is exempt  
2 from the provisions of Section 3-55.

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

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

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

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

15 (28) 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, but  
19 only if the legal title to the municipal convention hall is  
20 transferred to the municipality without any further  
21 consideration by or on behalf of the municipality at the time  
22 of the completion of the municipal convention hall or upon the  
23 retirement or redemption of any bonds or other debt  
24 instruments issued by the public-facilities corporation in  
25 connection with the development of the municipal convention  
26 hall. This exemption includes existing public-facilities

1 corporations as provided in Section 11-65-25 of the Illinois  
2 Municipal Code. This paragraph is exempt from the provisions  
3 of Section 3-55.

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

20 Beginning January 1, 2010 and continuing through December  
21 31, 2023, this exemption applies only to the transfer of  
22 qualifying tangible personal property incident to the  
23 modification, refurbishment, completion, replacement, repair,  
24 or maintenance of an aircraft by persons who (i) hold an Air  
25 Agency Certificate and are empowered to operate an approved  
26 repair station by the Federal Aviation Administration, (ii)

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

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

1           (30) Beginning January 1, 2017 and through December 31,  
2 2026, menstrual pads, tampons, and menstrual cups.

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

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

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

25           For the purposes of this item (32):

26           "Data center" means a building or a series of

1 buildings rehabilitated or constructed to house working  
2 servers in one physical location or multiple sites within  
3 the State of Illinois.

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

1 the exemption allowed under this Section, the retailer  
2 must obtain from the purchaser a copy of the certificate  
3 of eligibility issued by the Department of Commerce and  
4 Economic Opportunity.

5 This item (32) is exempt from the provisions of Section  
6 3-55.

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

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

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

23 "Breast pump collection and storage supplies"  
24 includes, but is not limited to: breast shields and breast  
25 shield connectors; breast pump tubes and tubing adapters;  
26 breast pump valves and membranes; backflow protectors and

1 backflow protector adaptors; bottles and bottle caps  
2 specific to the operation of the breast pump; and breast  
3 milk storage bags.

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

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

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

1           (35) Beginning on January 1, 2024, tangible personal  
2 property purchased by an active duty member of the armed  
3 forces of the United States who presents valid military  
4 identification and purchases the property using a form of  
5 payment where the federal government is the payor. The member  
6 of the armed forces must complete, at the point of sale, a form  
7 prescribed by the Department of Revenue documenting that the  
8 transaction is eligible for the exemption under this  
9 paragraph. Retailers must keep the form as documentation of  
10 the exemption in their records for a period of not less than 6  
11 years. "Armed forces of the United States" means the United  
12 States Army, Navy, Air Force, Space Force, Marine Corps, or  
13 Coast Guard. This paragraph is exempt from the provisions of  
14 Section 3-55.

15           (36) Beginning July 1, 2024, home-delivered meals provided  
16 to Medicare or Medicaid recipients when payment is made by an  
17 intermediary, such as a Medicare Administrative Contractor, a  
18 Managed Care Organization, or a Medicare Advantage  
19 Organization, pursuant to a government contract. This  
20 paragraph (36) ~~(35)~~ is exempt from the provisions of Section  
21 3-55.

22           (37) ~~(36)~~ Beginning on January 1, 2026, as further defined  
23 in Section 3-10, food prepared for immediate consumption and  
24 transferred incident to a sale of service subject to this Act  
25 or the Service Use Tax Act by an entity licensed under the  
26 Hospital Licensing Act, the Nursing Home Care Act, the

1 Assisted Living and Shared Housing Act, the ID/DD Community  
2 Care Act, the MC/DD Act, the Specialized Mental Health  
3 Rehabilitation Act of 2013, or the Child Care Act of 1969 or by  
4 an entity that holds a permit issued pursuant to the Life Care  
5 Facilities Act. This item (37) ~~(36)~~ is exempt from the  
6 provisions of Section 3-55.

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

14 (39) ~~(36)~~ The lease of the following tangible personal  
15 property:

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

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

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

25 (ii) a license agreement in which the customer  
26 electronically accepts the terms by clicking "I

1           agree" does not comply with this requirement;

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

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

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

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

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

25           (40) Equipment and materials placed in service on or after  
26 January 1, 2026 that are incorporated into or used in the

1 business of providing broadband services, including all  
2 equipment and materials machinery, software, or other tangible  
3 personal property that is used in whole or in part in  
4 producing, broadcasting, distributing, sending, receiving,  
5 storing, transmitting, retransmitting, amplifying, switching,  
6 or routing broadband services, including the monitoring,  
7 testing, maintaining, enabling, or facilitating of such  
8 equipment, machinery, software, or other infrastructure. That  
9 property includes, but is not limited to, wires, cables  
10 including fiber optic cables, antennas, poles, switches,  
11 routers, amplifiers, rectifiers, repeaters, receivers,  
12 multiplexers, duplexers, transmitters, power equipment, backup  
13 power equipment, diagnostic equipment, storage devices,  
14 modems, and other general central office equipment, such as  
15 channel cards, frames, and cabinets. As used in this item  
16 (40), "broadband" and "broadband service" have the meanings  
17 given to those terms under Section 10 of the Broadband  
18 Advisory Council Act. This item (40) is exempt from the  
19 provisions of Section 3-55.

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

1 eff. 8-9-24; revised 11-26-24.)

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

4 (35 ILCS 120/2-5)

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

9 (1) Farm chemicals.

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

1 and equipment under this item (2). Agricultural chemical  
2 tender tanks and dry boxes shall include units sold  
3 separately from a motor vehicle required to be licensed  
4 and units sold mounted on a motor vehicle required to be  
5 licensed, if the selling price of the tender is separately  
6 stated.

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

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

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

25 This item (2) is exempt from the provisions of Section  
26 2-70.

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

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

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

25           (6) Personal property sold by a teacher-sponsored  
26 student organization affiliated with an elementary or

1 secondary school located in Illinois.

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

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

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

23 (10) Personal property sold by a corporation, society,  
24 association, foundation, institution, or organization,  
25 other than a limited liability company, that is organized  
26 and operated as a not-for-profit service enterprise for

1 the benefit of persons 65 years of age or older if the  
2 personal property was not purchased by the enterprise for  
3 the purpose of resale by the enterprise.

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

20 (12) (Blank).

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

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

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

23 (14) Machinery and equipment that will be used by the  
24 purchaser, or a lessee of the purchaser, primarily in the  
25 process of manufacturing or assembling tangible personal  
26 property for wholesale or retail sale or lease, whether

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

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

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

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

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

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

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

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

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

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

23 (22) Until June 30, 2013, fuel and petroleum products  
24 sold to or used by an air 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

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

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

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

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

24 (25) Except as provided in item (25-5) of this  
25 Section, a motor vehicle sold in this State to a  
26 nonresident even though the motor vehicle is delivered to

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

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

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

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

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

26 (2) the aircraft is not based or registered in

1           this State after the sale of the aircraft; and

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

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

14           "Based in this State" means hangared, stored, or  
15 otherwise used, excluding post-sale customizations as  
16 defined in this Section, for 10 or more days in each  
17 12-month period immediately following the date of the sale  
18 of the aircraft.

19           "Registered in this State" means an aircraft  
20 registered with the Department of Transportation,  
21 Aeronautics Division, or titled or registered with the  
22 Federal Aviation Administration to an address located in  
23 this State.

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

26           (26) Semen used for artificial insemination of

1 livestock for direct agricultural production.

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

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

24 (29) Personal property sold to a lessor who leases the  
25 property, under a lease of one year or longer executed or  
26 in effect at the time of the purchase, to a governmental

1 body that has been issued an active tax exemption  
2 identification number by the Department under Section 1g  
3 of this Act.

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

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

1 declared disaster area within 6 months after the disaster.

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

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

26 (34) Beginning January 1, 2000, personal property,

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

15 (35) Beginning January 1, 2000 and through December  
16 31, 2001, new or used automatic vending machines that  
17 prepare and serve hot food and beverages, including  
18 coffee, soup, and other items, and replacement parts for  
19 these machines. Beginning January 1, 2002 and through June  
20 30, 2003, machines and parts for machines used in  
21 commercial, coin-operated amusement and vending business  
22 if a use or occupation tax is paid on the gross receipts  
23 derived from the use of the commercial, coin-operated  
24 amusement and vending machines. This paragraph is exempt  
25 from the provisions of Section 2-70.

26 (35-5) Beginning August 23, 2001 and through June 30,

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

14           (36) Beginning August 2, 2001, computers and  
15          communications equipment utilized for any hospital purpose  
16          and equipment used in the diagnosis, analysis, or  
17          treatment of hospital patients sold to a lessor who leases  
18          the equipment, under a lease of one year or longer  
19          executed or in effect at the time of the purchase, to a  
20          hospital that has been issued an active tax exemption  
21          identification number by the Department under Section 1g  
22          of this Act. This paragraph is exempt from the provisions  
23          of Section 2-70.

24           (37) Beginning August 2, 2001, personal property sold  
25          to a lessor who leases the property, under a lease of one  
26          year or longer executed or in effect at the time of the

1 purchase, to a governmental body that has been issued an  
2 active tax exemption identification number by the  
3 Department under Section 1g of this Act. This paragraph is  
4 exempt from the provisions of Section 2-70.

5 (38) Beginning on January 1, 2002 and through June 30,  
6 2016, tangible personal property purchased from an  
7 Illinois retailer by a taxpayer engaged in centralized  
8 purchasing activities in Illinois who will, upon receipt  
9 of the property in Illinois, temporarily store the  
10 property in Illinois (i) for the purpose of subsequently  
11 transporting it outside this State for use or consumption  
12 thereafter solely outside this State or (ii) for the  
13 purpose of being processed, fabricated, or manufactured  
14 into, attached to, or incorporated into other tangible  
15 personal property to be transported outside this State and  
16 thereafter used or consumed solely outside this State. The  
17 Director of Revenue shall, pursuant to rules adopted in  
18 accordance with the Illinois Administrative Procedure Act,  
19 issue a permit to any taxpayer in good standing with the  
20 Department who is eligible for the exemption under this  
21 paragraph (38). The permit issued under this paragraph  
22 (38) shall authorize the holder, to the extent and in the  
23 manner specified in the rules adopted under this Act, to  
24 purchase tangible personal property from a retailer exempt  
25 from the taxes imposed by this Act. Taxpayers shall  
26 maintain all necessary books and records to substantiate

1 the use and consumption of all such tangible personal  
2 property outside of the State of Illinois.

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

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

1 latex gloves, and protective films.

2 Beginning January 1, 2010 and continuing through  
3 December 31, 2023, this exemption applies only to the sale  
4 of qualifying tangible personal property to persons who  
5 modify, refurbish, complete, replace, or maintain an  
6 aircraft and who (i) hold an Air Agency Certificate and  
7 are empowered to operate an approved repair station by the  
8 Federal Aviation Administration, (ii) have a Class IV  
9 Rating, and (iii) conduct operations in accordance with  
10 Part 145 of the Federal Aviation Regulations. The  
11 exemption does not include aircraft operated by a  
12 commercial air carrier providing scheduled passenger air  
13 service pursuant to authority issued under Part 121 or  
14 Part 129 of the Federal Aviation Regulations. From January  
15 1, 2024 through December 31, 2029, this exemption applies  
16 only to the sale of qualifying tangible personal property  
17 to: (A) persons who modify, refurbish, complete, repair,  
18 replace, or maintain aircraft and who (i) hold an Air  
19 Agency Certificate and are empowered to operate an  
20 approved repair station by the Federal Aviation  
21 Administration, (ii) have a Class IV Rating, and (iii)  
22 conduct operations in accordance with Part 145 of the  
23 Federal Aviation Regulations; and (B) persons who engage  
24 in the modification, replacement, repair, and maintenance  
25 of aircraft engines or power plants without regard to  
26 whether or not those persons meet the qualifications of

1 item (A).

2 The changes made to this paragraph (40) by Public Act  
3 98-534 are declarative of existing law. It is the intent  
4 of the General Assembly that the exemption under this  
5 paragraph (40) applies continuously from January 1, 2010  
6 through December 31, 2024; however, no claim for credit or  
7 refund is allowed for taxes paid as a result of the  
8 disallowance of this exemption on or after January 1, 2015  
9 and prior to February 5, 2020 (the effective date of  
10 Public Act 101-629).

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

26 (42) Beginning January 1, 2017 and through December

1 31, 2026, menstrual pads, tampons, and menstrual cups.

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

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

25 The Department of Commerce and Economic Opportunity  
26 shall grant a certificate of exemption under this item

1 (44) to qualified data centers as defined by Section  
2 605-1025 of the Department of Commerce and Economic  
3 Opportunity Law of the Civil Administrative Code of  
4 Illinois.

5 For the purposes of this item (44):

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

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

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

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

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

1 for which a credit or refund has been issued to the  
2 marketplace facilitator under the Use Tax Act, or for  
3 which the marketplace facilitator has filed a claim for  
4 credit or refund under the Use Tax Act.

5 (46) Beginning July 1, 2022, breast pumps, breast pump  
6 collection and storage supplies, and breast pump kits.  
7 This item (46) is exempt from the provisions of Section  
8 2-70. As used in this item (46):

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

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

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

1 milk storage bags.

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

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

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

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

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

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

20 (50) ~~(49)~~ Beginning on January 1, 2026, as further  
21 defined in Section 2-10, food for human consumption that  
22 is to be consumed off the premises where it is sold (other  
23 than alcoholic beverages, food consisting of or infused  
24 with adult use cannabis, soft drinks, candy, and food that  
25 has been prepared for immediate consumption). This item  
26 (50) ~~(49)~~ is exempt from the provisions of Section 2-70.

1           (51) ~~(49)~~ Gross receipts from the lease of the  
2 following tangible personal property:

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

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

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

13           (ii) a license agreement in which the  
14 customer electronically accepts the terms by  
15 clicking "I agree" does not comply with this  
16 requirement;

17           (B) it restricts the customer's duplication  
18 and use of the software;

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

24           (D) the licensor has a policy of providing  
25 another copy at minimal or no charge if the  
26 customer loses or damages the software, or of

1           permitting the licensee to make and keep an  
2           archival copy, and such policy is either stated in  
3           the license agreement, supported by the licensor's  
4           books and records, or supported by a notarized  
5           statement made under penalties of perjury by the  
6           licensor; and

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

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

17                   (52) Equipment and materials placed in service on or  
18          after January 1, 2026 that are incorporated into or used  
19          in the business of providing broadband services, including  
20          all equipment and materials machinery, software, or other  
21          tangible personal property that is used in whole or in  
22          part in producing, broadcasting, distributing, sending,  
23          receiving, storing, transmitting, retransmitting,  
24          amplifying, switching, or routing broadband services,  
25          including the monitoring, testing, maintaining, enabling,  
26          or facilitating of such equipment, machinery, software, or

1 other infrastructure. That property includes, but is not  
2 limited to, wires, cables including fiber optic cables,  
3 antennas, poles, switches, routers, amplifiers,  
4 rectifiers, repeaters, receivers, multiplexers,  
5 duplexers, transmitters, power equipment, backup power  
6 equipment, diagnostic equipment, storage devices, modems,  
7 and other general central office equipment, such as  
8 channel cards, frames, and cabinets. As used in this item  
9 (52), "broadband" and "broadband service" have the  
10 meanings given to those terms under Section 10 of the  
11 Broadband Advisory Council Act. This item (52) is exempt  
12 from the provisions of Section 2-70.

13 (Source: P.A. 102-16, eff. 6-17-21; 102-634, eff. 8-27-21;  
14 102-700, Article 70, Section 70-20, eff. 4-19-22; 102-700,  
15 Article 75, Section 75-20, eff. 4-19-22; 102-813, eff.  
16 5-13-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section  
17 5-20, eff. 6-7-23; 103-9, Article 15, Section 15-20, eff.  
18 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; 103-592,  
19 eff. 1-1-25; 103-605, eff. 7-1-24; 103-643, eff. 7-1-24;  
20 103-746, eff. 1-1-25; 103-781, eff. 8-5-24; 103-995, eff.  
21 8-9-24; revised 11-26-24.)

22 Section 99. Effective date. This Act takes effect upon  
23 becoming law.