

SB2389



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2389

Introduced 2/7/2025, by Sen. Chris Balkema

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-55	from Ch. 120, par. 439.3-55
35 ILCS 110/3-45	from Ch. 120, par. 439.33-45
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. Reinstates the exemption for the use or sale of tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized purchasing activities in Illinois. Provides that the exemption sunsets on June 30, 2030 (currently, June 30, 2016). Effective immediately.

LRB104 10643 HLH 20720 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 3-55 as follows:

6 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

7 Sec. 3-55. Multistate exemption. To prevent actual or
8 likely multistate taxation, the tax imposed by this Act does
9 not apply to the use of tangible personal property in this
10 State under the following circumstances:

11 (a) The use, in this State, of tangible personal property
12 acquired outside this State by a nonresident individual and
13 brought into this State by the individual for his or her own
14 use while temporarily within this State or while passing
15 through this State.

16 (b) (Blank).

17 (c) The use, in this State, by owners or lessors, lessees,
18 or shippers of tangible personal property that is utilized by
19 interstate carriers for hire for use as rolling stock moving
20 in interstate commerce as long as so used by the interstate
21 carriers for hire, and equipment operated by a
22 telecommunications provider, licensed as a common carrier by
23 the Federal Communications Commission, which is permanently

1 installed in or affixed to aircraft moving in interstate
2 commerce.

3 (d) The use, in this State, of tangible personal property
4 that is acquired outside this State and caused to be brought
5 into this State by a person who has already paid a tax in
6 another State in respect to the sale, purchase, or use of that
7 property, to the extent of the amount of the tax properly due
8 and paid in the other State.

9 (e) The temporary storage, in this State, of tangible
10 personal property that is acquired outside this State and
11 that, after being brought into this State and stored here
12 temporarily, is used solely outside this State or is
13 physically attached to or incorporated into other tangible
14 personal property that is used solely outside this State, or
15 is altered by converting, fabricating, manufacturing,
16 printing, processing, or shaping, and, as altered, is used
17 solely outside this State.

18 (f) The temporary storage in this State of building
19 materials and fixtures that are acquired either in this State
20 or outside this State by an Illinois registered combination
21 retailer and construction contractor, and that the purchaser
22 thereafter uses outside this State by incorporating that
23 property into real estate located outside this State.

24 (g) The use or purchase of tangible personal property by a
25 common carrier by rail or motor that receives the physical
26 possession of the property in Illinois, and that transports

1 the property, or shares with another common carrier in the
2 transportation of the property, out of Illinois on a standard
3 uniform bill of lading showing the seller of the property as
4 the shipper or consignor of the property to a destination
5 outside Illinois, for use outside Illinois.

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

18 (h-1) The exemption under subsection (h) does not apply if
19 the state in which the motor vehicle will be titled does not
20 allow a reciprocal exemption for the use in that state of a
21 motor vehicle sold and delivered in that state to an Illinois
22 resident but titled in Illinois. The tax collected under this
23 Act on the sale of a motor vehicle in this State to a resident
24 of another state that does not allow a reciprocal exemption
25 shall be imposed at a rate equal to the state's rate of tax on
26 taxable property in the state in which the purchaser is a

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

21 (h-2) The following exemptions apply with respect to
22 certain aircraft:

23 (1) Beginning on July 1, 2007, no tax is imposed under
24 this Act on the purchase of an aircraft, as defined in
25 Section 3 of the Illinois Aeronautics Act, if all of the
26 following conditions are met:

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

8 (B) the aircraft is not based or registered in
9 this State after the purchase of the aircraft; and

10 (C) the purchaser provides the Department with a
11 signed and dated certification, on a form prescribed
12 by the Department, certifying that the requirements of
13 this item (1) are met. The certificate must also
14 include the name and address of the purchaser, the
15 address of the location where the aircraft is to be
16 titled or registered, the address of the primary
17 physical location of the aircraft, and other
18 information that the Department may reasonably
19 require.

20 (2) Beginning on July 1, 2007, no tax is imposed under
21 this Act on the use of an aircraft, as defined in Section 3
22 of the Illinois Aeronautics Act, that is temporarily
23 located in this State for the purpose of a prepurchase
24 evaluation if all of the following conditions are met:

25 (A) the aircraft is not based or registered in
26 this State after the prepurchase evaluation; and

1 (B) the purchaser provides the Department with a
2 signed and dated certification, on a form prescribed
3 by the Department, certifying that the requirements of
4 this item (2) are met. The certificate must also
5 include the name and address of the purchaser, the
6 address of the location where the aircraft is to be
7 titled or registered, the address of the primary
8 physical location of the aircraft, and other
9 information that the Department may reasonably
10 require.

11 (3) Beginning on July 1, 2007, no tax is imposed under
12 this Act on the use of an aircraft, as defined in Section 3
13 of the Illinois Aeronautics Act, that is temporarily
14 located in this State for the purpose of a post-sale
15 customization if all of the following conditions are met:

16 (A) the aircraft leaves this State within 15 days
17 after the authorized approval for return to service,
18 completion of the maintenance record entry, and
19 completion of the test flight and ground test for
20 inspection, as required by 14 C.F.R. 91.407;

21 (B) the aircraft is not based or registered in
22 this State either before or after the post-sale
23 customization; and

24 (C) the purchaser provides the Department with a
25 signed and dated certification, on a form prescribed
26 by the Department, certifying that the requirements of

1 this item (3) are met. The certificate must also
2 include the name and address of the purchaser, the
3 address of the location where the aircraft is to be
4 titled or registered, the address of the primary
5 physical location of the aircraft, and other
6 information that the Department may reasonably
7 require.

8 If tax becomes due under this subsection (h-2) because of
9 the purchaser's use of the aircraft in this State, the
10 purchaser shall file a return with the Department and pay the
11 tax on the fair market value of the aircraft. This return and
12 payment of the tax must be made no later than 30 days after the
13 aircraft is used in a taxable manner in this State. The tax is
14 based on the fair market value of the aircraft on the date that
15 it is first used in a taxable manner in this State.

16 For purposes of this subsection (h-2):

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

21 "Post-sale customization" means any improvement,
22 maintenance, or repair that is performed on an aircraft
23 following a transfer of ownership of the aircraft.

24 "Prepurchase evaluation" means an examination of an
25 aircraft to provide a potential purchaser with information
26 relevant to the potential purchase.

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

5 This subsection (h-2) is exempt from the provisions of
6 Section 3-90.

7 (i) Beginning July 1, 1999, the use, in this State, of fuel
8 acquired outside this State and brought into this State in the
9 fuel supply tanks of locomotives engaged in freight hauling
10 and passenger service for interstate commerce. This subsection
11 is exempt from the provisions of Section 3-90.

12 (j) Beginning on January 1, 2002 and through June 30,
13 2016, and beginning again on July 1, 2025 and through June 30,
14 2030, the use of tangible personal property purchased ~~from an~~
15 ~~Illinois retailer~~ by a taxpayer engaged in centralized
16 purchasing activities in Illinois who will, upon receipt of
17 the property in Illinois, temporarily store the property in
18 Illinois (i) for the purpose of subsequently transporting it
19 outside this State for use or consumption thereafter solely
20 outside this State or (ii) for the purpose of being processed,
21 fabricated, or manufactured into, attached to, or incorporated
22 into other tangible personal property to be transported
23 outside this State and thereafter used or consumed solely
24 outside this State. The Director of Revenue shall, pursuant to
25 rules adopted in accordance with the Illinois Administrative
26 Procedure Act, issue a permit to any taxpayer in good standing

1 with the Department who is eligible for the exemption under
2 this subsection (j). The permit issued under this subsection
3 (j) shall authorize the holder, to the extent and in the manner
4 specified in the rules adopted under this Act, to purchase
5 tangible personal property from a retailer exempt from the
6 taxes imposed by this Act. Taxpayers shall maintain all
7 necessary books and records to substantiate the use and
8 consumption of all such tangible personal property outside of
9 the State of Illinois.

10 (Source: P.A. 103-592, eff. 1-1-25.)

11 Section 10. The Service Use Tax Act is amended by changing
12 Section 3-45 as follows:

13 (35 ILCS 110/3-45) (from Ch. 120, par. 439.33-45)

14 Sec. 3-45. Multistate exemption. To prevent actual or
15 likely multistate taxation, the tax imposed by this Act does
16 not apply to the use of tangible personal property in this
17 State under the following circumstances:

18 (a) The use, in this State, of property acquired outside
19 this State by a nonresident individual and brought into this
20 State by the individual for his or her own use while
21 temporarily within this State or while passing through this
22 State.

23 (b) The use, in this State, of property that is acquired
24 outside this State and that is moved into this State for use as

1 rolling stock moving in interstate commerce.

2 (c) The use, in this State, of property that is acquired
3 outside this State and caused to be brought into this State by
4 a person who has already paid a tax in another state in respect
5 to the sale, purchase, or use of that property, to the extent
6 of the amount of the tax properly due and paid in the other
7 state.

8 (d) The temporary storage, in this State, of property that
9 is acquired outside this State and that after being brought
10 into this State and stored here temporarily, is used solely
11 outside this State or is physically attached to or
12 incorporated into other property that is used solely outside
13 this State, or is altered by converting, fabricating,
14 manufacturing, printing, processing, or shaping, and, as
15 altered, is used solely outside this State.

16 (e) Beginning July 1, 1999, the use, in this State, of fuel
17 acquired outside this State and brought into this State in the
18 fuel supply tanks of locomotives engaged in freight hauling
19 and passenger service for interstate commerce. This subsection
20 is exempt from the provisions of Section 3-75.

21 (f) Beginning on January 1, 2002 and through June 30,
22 2016, and beginning again on July 1, 2025 and through June 30,
23 2030, the use of tangible personal property purchased ~~from an~~
24 ~~Illinois retailer~~ by a taxpayer engaged in centralized
25 purchasing activities in Illinois who will, upon receipt of
26 the property in Illinois, temporarily store the property in

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

19 (Source: P.A. 97-73, eff. 6-30-11.)

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

22 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

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

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

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

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

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

4 This item (7) is exempt from the provisions of Section
5 3-55.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 (26) Beginning on January 1, 2002 and through June 30,
6 2016, and beginning again on June 30, 2025 and through June 30,
7 2030, tangible personal property purchased ~~from an Illinois~~
8 ~~retailer~~ by a taxpayer engaged in centralized purchasing
9 activities in Illinois who will, upon receipt of the property
10 in Illinois, temporarily store the property in Illinois (i)
11 for the purpose of subsequently transporting it outside this
12 State for use or consumption thereafter solely outside this
13 State or (ii) for the purpose of being processed, fabricated,
14 or manufactured into, attached to, or incorporated into other
15 tangible personal property to be transported outside this
16 State and thereafter used or consumed solely outside this
17 State. The Director of Revenue shall, pursuant to rules
18 adopted in accordance with the Illinois Administrative
19 Procedure Act, issue a permit to any taxpayer in good standing
20 with the Department who is eligible for the exemption under
21 this paragraph (26). The permit issued under this paragraph
22 (26) 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 maintain
26 all necessary books and records to substantiate the use and

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

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

10 (28) Tangible personal property sold to 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 3-55.

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

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

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

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

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

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

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

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

20 For the purposes of this item (32):

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

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

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

26 This item (32) is exempt from the provisions of Section

1 3-55.

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

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

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

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

25 "Breast pump collection and storage supplies" does not
26 include: (1) bottles and bottle caps not specific to the

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

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

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

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

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

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

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

1 provisions of Section 3-55.

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

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

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

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

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

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

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

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

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

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

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

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

20 (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, and beginning again on July 1, 2025 and through June
7 30, 2030, tangible personal property purchased ~~from an~~
8 ~~Illinois retailer~~ by a taxpayer engaged in centralized
9 purchasing activities in Illinois who will, upon receipt
10 of the property in Illinois, temporarily store the
11 property in Illinois (i) for the purpose of subsequently
12 transporting it outside this State for use or consumption
13 thereafter solely outside this State or (ii) for the
14 purpose of being processed, fabricated, or manufactured
15 into, attached to, or incorporated into other tangible
16 personal property to be transported outside this State and
17 thereafter used or consumed solely outside this State. The
18 Director of Revenue shall, pursuant to rules adopted in
19 accordance with the Illinois Administrative Procedure Act,
20 issue a permit to any taxpayer in good standing with the
21 Department who is eligible for the exemption under this
22 paragraph (38). The permit issued under this paragraph
23 (38) shall authorize the holder, to the extent and in the
24 manner specified in the rules adopted under this Act, to
25 purchase tangible personal property from a retailer exempt
26 from the taxes imposed by this Act. Taxpayers shall

1 maintain all necessary books and records to substantiate
2 the use and consumption of all such tangible personal
3 property outside of the State of Illinois.

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

12 (40) Beginning January 1, 2010 and continuing through
13 December 31, 2029, materials, parts, equipment,
14 components, and furnishings incorporated into or upon an
15 aircraft as part of the modification, refurbishment,
16 completion, replacement, repair, or maintenance of the
17 aircraft. This exemption includes consumable supplies used
18 in the modification, refurbishment, completion,
19 replacement, repair, and maintenance of aircraft. However,
20 until January 1, 2024, this exemption excludes any
21 materials, parts, equipment, components, and consumable
22 supplies used in the modification, replacement, repair,
23 and maintenance of aircraft engines or power plants,
24 whether such engines or power plants are installed or
25 uninstalled upon any such aircraft. "Consumable supplies"
26 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
4 December 31, 2023, this exemption applies only to the sale
5 of qualifying tangible personal property to persons who
6 modify, refurbish, complete, replace, or maintain an
7 aircraft and who (i) hold an Air Agency Certificate and
8 are empowered to operate an approved repair station by the
9 Federal Aviation Administration, (ii) have a Class IV
10 Rating, and (iii) conduct operations in accordance with
11 Part 145 of the Federal Aviation Regulations. The
12 exemption does not include aircraft operated by a
13 commercial air carrier providing scheduled passenger air
14 service pursuant to authority issued under Part 121 or
15 Part 129 of the Federal Aviation Regulations. From January
16 1, 2024 through December 31, 2029, this exemption applies
17 only to the sale of qualifying tangible personal property
18 to: (A) persons who modify, refurbish, complete, repair,
19 replace, or maintain aircraft and who (i) hold an Air
20 Agency Certificate and are empowered to operate an
21 approved repair station by the Federal Aviation
22 Administration, (ii) have a Class IV Rating, and (iii)
23 conduct operations in accordance with Part 145 of the
24 Federal Aviation Regulations; and (B) persons who engage
25 in the modification, replacement, repair, and maintenance
26 of aircraft engines or power plants without regard to

1 whether or not those persons meet the qualifications of
2 item (A).

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

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

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

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

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

26 The Department of Commerce and Economic Opportunity

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

6 For the purposes of this item (44):

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

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

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

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

15 (45) Beginning January 1, 2020 and through December
16 31, 2020, sales of tangible personal property made by a
17 marketplace seller over a marketplace for which tax is due
18 under this Act but for which use tax has been collected and
19 remitted to the Department by a marketplace facilitator
20 under Section 2d of the Use Tax Act are exempt from tax
21 under this Act. A marketplace seller claiming this
22 exemption shall maintain books and records demonstrating
23 that the use tax on such sales has been collected and
24 remitted by a marketplace facilitator. Marketplace sellers
25 that have properly remitted tax under this Act on such
26 sales may file a claim for credit as provided in Section 6

1 of this Act. No claim is allowed, however, for such taxes
2 for which a credit or refund has been issued to the
3 marketplace facilitator under the Use Tax Act, or for
4 which the marketplace facilitator has filed a claim for
5 credit or refund under the Use Tax Act.

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

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

26 (48) 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
5 member of the armed forces must complete, at the point of
6 sale, a form prescribed by the Department of Revenue
7 documenting that the transaction is eligible for the
8 exemption under this paragraph. Retailers must keep the
9 form as documentation of the exemption in their records
10 for a period of not less than 6 years. "Armed forces of the
11 United States" means the United States Army, Navy, Air
12 Force, Space Force, Marine Corps, or Coast Guard. This
13 paragraph is exempt from the provisions of Section 2-70.

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

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

1 (50) ~~(49)~~ is exempt from the provisions of Section 2-70.

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

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

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

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

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

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

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

25 (D) the licensor has a policy of providing
26 another copy at minimal or no charge if the

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

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

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

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

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.