



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2721

Introduced 10/28/2025, by Sen. Sue Rezin

SYNOPSIS AS INTRODUCED:

35 ILCS 5/246 new
35 ILCS 105/3-5
35 ILCS 110/3-5
35 ILCS 115/3-5
35 ILCS 120/2-5

Amends the Illinois Income Tax Act. Creates an income tax credit for taxpayers that make an investment in the manufacture of a small modular nuclear reactor in the State during the taxable year. Provides that the amount of the credit is 20% of the amount of that investment. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that tangible personal property purchased for use in the construction or operation of a small modular nuclear reactor in the State is exempt from taxation under those Act. Effective immediately.

LRB104 14845 HLH 27989 b

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 adding Section 246 as follows:

6 (35 ILCS 5/246 new)

7 Sec. 246. Small modular nuclear reactor manufacturing
8 expense tax credit.

9 (a) For taxable years beginning on or after January 1,
10 2026, each taxpayer that makes an investment in the
11 manufacture of a small modular nuclear reactor in the State
12 during the taxable year is entitled to a credit against the
13 taxes imposed by subsections (a) and (b) of Section 201 in an
14 amount equal to 20% of the amount of that investment.

15 (b) In no event shall a credit under this Section reduce
16 the taxpayer's liability to less than zero. If the amount of
17 the credit exceeds the tax liability for the year, the excess
18 may be carried forward and applied to the tax liability of the
19 5 taxable years following the excess credit year. The tax
20 credit shall be applied to the earliest year for which there is
21 a tax liability. If there are credits for more than one year
22 that are available to offset a liability, the earlier credit
23 shall be applied first.

1 (c) For partners and shareholders of Subchapter S
2 corporations, the provisions of Section 251 shall apply with
3 respect to the credit under this Section.

4 (d) As used in this Section:

5 "Small modular nuclear reactor" means a nuclear reactor
6 that:

7 (1) has a rated electric generating capacity of not
8 more than 470 megawatts;

9 (2) is capable of being constructed and operated,
10 either:

11 (A) alone; or

12 (B) in combination with one or more similar
13 reactors at a single site if additional reactors are,
14 or become, necessary; and

15 (3) is required to be licensed by the United States
16 Nuclear Regulatory Commission.

17 "Small modular nuclear reactor" includes, but is not
18 limited to, a nuclear reactor that meets the criteria set
19 forth in this Section and that uses a process to produce
20 hydrogen that can be used for energy storage, as a fuel, or for
21 other uses.

22 (d) This Section is exempt from the provisions of Section
23 250.

24 Section 10. The Use Tax Act is amended by changing Section
25 3-5 as follows:

1 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

23 (6) 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,

1 certified by the purchaser to be used primarily for graphic
2 arts production, and including machinery and equipment
3 purchased for lease. Equipment includes chemicals or chemicals
4 acting as catalysts but only if the chemicals or chemicals
5 acting as catalysts effect a direct and immediate change upon
6 a graphic arts product. Beginning on July 1, 2017, graphic
7 arts machinery and equipment is included in the manufacturing
8 and assembling machinery and equipment exemption under
9 paragraph (18).

10 (7) Farm chemicals.

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

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

18 (10) A motor vehicle that is used for automobile renting,
19 as defined in the Automobile Renting Occupation and Use Tax
20 Act.

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

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

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

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

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

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

6 This item (11) is exempt from the provisions of Section
7 3-90.

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

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

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

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

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

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

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

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

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

13 (18) Manufacturing and assembling machinery and equipment
14 used primarily in the process of manufacturing or assembling
15 tangible personal property for wholesale or retail sale or
16 lease, whether that sale or lease is made directly by the
17 manufacturer or by some other person, whether the materials
18 used in the process are owned by the manufacturer or some other
19 person, or whether that sale or lease is made apart from or as
20 an incident to the seller's engaging in the service occupation
21 of producing machines, tools, dies, jigs, patterns, gauges, or
22 other similar items of no commercial value on special order
23 for a particular purchaser. The exemption provided by this
24 paragraph (18) includes production related tangible personal
25 property, as defined in Section 3-50, purchased on or after
26 July 1, 2019. The exemption provided by this paragraph (18)

1 does not include machinery and equipment used in (i) the
2 generation of electricity for wholesale or retail sale; (ii)
3 the generation or treatment of natural or artificial gas for
4 wholesale or retail sale that is delivered to customers
5 through pipes, pipelines, or mains; or (iii) the treatment of
6 water for wholesale or retail sale that is delivered to
7 customers through pipes, pipelines, or mains. The provisions
8 of Public Act 98-583 are declaratory of existing law as to the
9 meaning and scope of this exemption. Beginning on July 1,
10 2017, the exemption provided by this paragraph (18) includes,
11 but is not limited to, graphic arts machinery and equipment,
12 as defined in paragraph (6) of this Section.

13 (19) Personal property delivered to a purchaser or
14 purchaser's donee inside Illinois when the purchase order for
15 that personal property was received by a florist located
16 outside Illinois who has a florist located inside Illinois
17 deliver the personal property.

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

20 (21) 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 (21) is exempt from the
26 provisions of Section 3-90, and the exemption provided for

1 under this item (21) 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 for such taxes paid during the period
4 beginning May 30, 2000 and ending on January 1, 2008.

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

1 Department.

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

23 (24) Beginning with taxable years ending on or after
24 December 31, 1995 and ending with taxable years ending on or
25 before December 31, 2004, personal property that is donated
26 for disaster relief to be used in a State or federally declared

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

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

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

24 (27) A motor vehicle, as that term is defined in Section
25 1-146 of the Illinois Vehicle Code, that is donated to a
26 corporation, limited liability company, society, association,

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

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

1 another individual or entity that sold the property for the
2 purpose of resale by the fundraising entity and that profits
3 from the sale to the fundraising entity. This paragraph is
4 exempt from the provisions of Section 3-90.

5 (29) Beginning January 1, 2000 and through December 31,
6 2001, new or used automatic vending machines that prepare and
7 serve hot food and beverages, including coffee, soup, and
8 other items, and replacement parts for these machines.
9 Beginning January 1, 2002 and through June 30, 2003, machines
10 and parts for machines used in commercial, coin-operated
11 amusement and vending business if a use or occupation tax is
12 paid on the gross receipts derived from the use of the
13 commercial, coin-operated amusement and vending machines. This
14 paragraph is exempt from the provisions of Section 3-90.

15 (30) Beginning January 1, 2001 and through June 30, 2016,
16 food for human consumption that is to be consumed off the
17 premises where it is sold (other than alcoholic beverages,
18 soft drinks, and food that has been prepared for immediate
19 consumption) and prescription and nonprescription medicines,
20 drugs, medical appliances, and insulin, urine testing
21 materials, syringes, and needles used by diabetics, for human
22 use, when purchased for use by a person receiving medical
23 assistance under Article V of the Illinois Public Aid Code who
24 resides in a licensed long-term care facility, as defined in
25 the Nursing Home Care Act, or in a licensed facility as defined
26 in the ID/DD Community Care Act, the MC/DD Act, or the

1 Specialized Mental Health Rehabilitation Act of 2013.

2 (31) Beginning on August 2, 2001 (the effective date of
3 Public Act 92-227), computers and communications equipment
4 utilized for any hospital purpose and equipment used in the
5 diagnosis, analysis, or treatment of hospital patients
6 purchased by a lessor who leases the equipment, under a lease
7 of one year or longer executed or in effect at the time the
8 lessor would otherwise be subject to the tax imposed by this
9 Act, to a hospital that has been issued an active tax exemption
10 identification number by the Department under Section 1g of
11 the Retailers' Occupation Tax Act. If the equipment is leased
12 in a manner that does not qualify for this exemption or is used
13 in any other nonexempt manner, the lessor shall be liable for
14 the tax imposed under this Act or the Service Use Tax Act, as
15 the case may be, based on the fair market value of the property
16 at the time the nonqualifying use occurs. No lessor shall
17 collect or attempt to collect an amount (however designated)
18 that purports to reimburse that lessor for the tax imposed by
19 this Act or the Service Use Tax Act, as the case may be, if the
20 tax has not been paid by the lessor. If a lessor improperly
21 collects any such amount from the lessee, the lessee shall
22 have a legal right to claim a refund of that amount from the
23 lessor. If, however, that amount is not refunded to the lessee
24 for any reason, the lessor is liable to pay that amount to the
25 Department. This paragraph is exempt from the provisions of
26 Section 3-90.

1 (32) Beginning on August 2, 2001 (the effective date of
2 Public Act 92-227), personal property purchased by a lessor
3 who leases the property, under a lease of one year or longer
4 executed or in effect at the time the lessor would otherwise be
5 subject to the tax imposed by this Act, to a governmental body
6 that has been issued an active sales tax exemption
7 identification number by the Department under Section 1g of
8 the Retailers' Occupation Tax Act. If the property is leased
9 in a manner that does not qualify for this exemption or used in
10 any other nonexempt manner, the lessor shall be liable for the
11 tax imposed under this Act or the Service Use Tax Act, as the
12 case may be, based on the fair market value of the property at
13 the time the nonqualifying use occurs. No lessor shall collect
14 or attempt to collect an amount (however designated) that
15 purports to reimburse that lessor for the tax imposed by this
16 Act or the Service Use Tax Act, as the case may be, if the tax
17 has not been paid by the lessor. If a lessor improperly
18 collects any such amount from the lessee, the lessee shall
19 have a legal right to claim a refund of that amount from the
20 lessor. If, however, that amount is not refunded to the lessee
21 for any reason, the lessor is liable to pay that amount to the
22 Department. This paragraph is exempt from the provisions of
23 Section 3-90.

24 (33) On and after July 1, 2003 and through June 30, 2004,
25 the use in this State of motor vehicles of the second division
26 with a gross vehicle weight in excess of 8,000 pounds and that

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

17 (34) Beginning January 1, 2008, tangible personal property
18 used in the construction or maintenance of a community water
19 supply, as defined under Section 3.145 of the Environmental
20 Protection Act, that is operated by a not-for-profit
21 corporation that holds a valid water supply permit issued
22 under Title IV of the Environmental Protection Act. This
23 paragraph is exempt from the provisions of Section 3-90.

24 (35) Beginning January 1, 2010 and continuing through
25 December 31, 2029, materials, parts, equipment, components,
26 and furnishings incorporated into or upon an aircraft as part

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

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

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

8 The exemption does not include aircraft operated by a
9 commercial air carrier providing scheduled passenger air
10 service pursuant to authority issued under Part 121 or Part
11 129 of the Federal Aviation Regulations. The changes made to
12 this paragraph (35) by Public Act 98-534 are declarative of
13 existing law. It is the intent of the General Assembly that the
14 exemption under this paragraph (35) applies continuously from
15 January 1, 2010 through December 31, 2024; however, no claim
16 for credit or refund is allowed for taxes paid as a result of
17 the disallowance of this exemption on or after January 1, 2015
18 and prior to February 5, 2020 (the effective date of Public Act
19 101-629).

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

1 of the completion of the municipal convention hall or upon the
2 retirement or redemption of any bonds or other debt
3 instruments issued by the public-facilities corporation in
4 connection with the development of the municipal convention
5 hall. This exemption includes existing public-facilities
6 corporations as provided in Section 11-65-25 of the Illinois
7 Municipal Code. This paragraph is exempt from the provisions
8 of Section 3-90.

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

11 (38) Merchandise that is subject to the Rental Purchase
12 Agreement Occupation and Use Tax. The purchaser must certify
13 that the item is purchased to be rented subject to a
14 rental-purchase agreement, as defined in the Rental-Purchase
15 Agreement Act, and provide proof of registration under the
16 Rental Purchase Agreement Occupation and Use Tax Act. This
17 paragraph is exempt from the provisions of Section 3-90.

18 (39) Tangible personal property purchased by a purchaser
19 who is exempt from the tax imposed by this Act by operation of
20 federal law. This paragraph is exempt from the provisions of
21 Section 3-90.

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

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

10 The Department of Commerce and Economic Opportunity shall
11 grant a certificate of exemption under this item (40) to
12 qualified data centers as defined by Section 605-1025 of the
13 Department of Commerce and Economic Opportunity Law of the
14 Civil Administrative Code of Illinois.

15 For the purposes of this item (40):

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

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

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

21 This item (40) is exempt from the provisions of Section
22 3-90.

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

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

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

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

20 "Breast pump collection and storage supplies" does not
21 include: (1) bottles and bottle caps not specific to the
22 operation of the breast pump; (2) breast pump travel bags
23 and other similar carrying accessories, including ice
24 packs, labels, and other similar products; (3) breast pump
25 cleaning supplies; (4) nursing bras, bra pads, breast
26 shells, and other similar products; and (5) creams,

1 ointments, and other similar products that relieve
2 breastfeeding-related symptoms or conditions of the
3 breasts or nipples, unless sold as part of a breast pump
4 kit that is pre-packaged by the breast pump manufacturer
5 or distributor.

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

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

17 (43) Beginning on January 1, 2024, tangible personal
18 property purchased by an active duty member of the armed
19 forces of the United States who presents valid military
20 identification and purchases the property using a form of
21 payment where the federal government is the payor. The member
22 of the armed forces must complete, at the point of sale, a form
23 prescribed by the Department of Revenue documenting that the
24 transaction is eligible for the exemption under this
25 paragraph. Retailers must keep the form as documentation of
26 the exemption in their records for a period of not less than 6

1 years. "Armed forces of the United States" means the United
2 States Army, Navy, Air Force, Space Force, Marine Corps, or
3 Coast Guard. This paragraph is exempt from the provisions of
4 Section 3-90.

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

11 (45) ~~(44)~~ Beginning on January 1, 2026, as further defined
12 in Section 3-10, food for human consumption that is to be
13 consumed off the premises where it is sold (other than
14 alcoholic beverages, food consisting of or infused with adult
15 use cannabis, soft drinks, candy, and food that has been
16 prepared for immediate consumption). This item (45) ~~(44)~~ is
17 exempt from the provisions of Section 3-90.

18 (46) ~~(44)~~ Use by the lessee of the following leased
19 tangible personal property:

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

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

24 (i) an electronic agreement in which the
25 customer accepts the license by means of an
26 electronic signature that is verifiable and can be

1 authenticated and is attached to or made part of
2 the license will comply with this requirement;

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

6 (B) it restricts the customer's duplication and
7 use of the software;

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

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

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

25 (2) property that is subject to a tax on lease
26 receipts imposed by a home rule unit of local government

1 if the ordinance imposing that tax was adopted prior to
2 January 1, 2023.

3 (47) Beginning on January 1, 2027, tangible personal
4 property purchased for use in the construction or operation of
5 a small modular nuclear reactor in the State. This item is
6 exempt from the provisions of Section 3-90.

7 As used in this item (47):

8 "Small modular nuclear reactor" means a nuclear reactor
9 that:

10 (A) has a rated electric generating capacity of not
11 more than 470 megawatts;

12 (B) is capable of being constructed and operated,
13 either:

14 (i) alone; or

15 (ii) in combination with one or more similar
16 reactors at a single site if additional reactors are,
17 or become, necessary; and

18 (C) is required to be licensed by the United States
19 Nuclear Regulatory Commission.

20 "Small modular nuclear reactor" includes, but is not
21 limited to, a nuclear reactor that meets the criteria set
22 forth in this item (47) and that uses a process to produce
23 hydrogen that can be used for energy storage, as a fuel, or for
24 other uses.

25 (Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70,
26 Section 70-5, eff. 4-19-22; 102-700, Article 75, Section 75-5,

1 eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5,
2 Section 5-5, eff. 6-7-23; 103-9, Article 15, Section 15-5,
3 eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24;
4 103-592, eff. 1-1-25; 103-605, eff. 7-1-24; 103-643, eff.
5 7-1-24; 103-746, eff. 1-1-25; 103-781, eff. 8-5-24; revised
6 11-26-24.)

7 Section 15. The Service Use Tax Act is amended by changing
8 Section 3-5 as follows:

9 (35 ILCS 110/3-5)

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

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

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

22 (3) Personal property purchased by a not-for-profit arts
23 or cultural organization that establishes, by proof required
24 by the Department by rule, that it has received an exemption

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

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

17 (5) Until July 1, 2003 and beginning again on September 1,
18 2004 through August 30, 2014, graphic arts machinery and
19 equipment, including repair and replacement parts, both new
20 and used, and including that manufactured on special order or
21 purchased for lease, certified by the purchaser to be used
22 primarily for graphic arts production. Equipment includes
23 chemicals or chemicals acting as catalysts but only if the
24 chemicals or chemicals acting as catalysts effect a direct and
25 immediate change upon a graphic arts product. Beginning on
26 July 1, 2017, graphic arts machinery and equipment is included

1 in the manufacturing and assembling machinery and equipment
2 exemption under Section 2 of this Act.

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

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

25 Farm machinery and equipment shall include precision
26 farming equipment that is installed or purchased to be

1 installed on farm machinery and equipment, including, but not
2 limited to, tractors, harvesters, sprayers, planters, seeders,
3 or spreaders. Precision farming equipment includes, but is not
4 limited to, soil testing sensors, computers, monitors,
5 software, global positioning and mapping systems, and other
6 such equipment.

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

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

17 This item (7) is exempt from the provisions of Section
18 3-75.

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

26 Beginning July 1, 2013, fuel and petroleum products sold

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

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

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

1 motor vehicles required to be registered under the Illinois
2 Vehicle Code.

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

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

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

22 (14) Horses, or interests in horses, registered with and
23 meeting the requirements of any of the Arabian Horse Club
24 Registry of America, Appaloosa Horse Club, American Quarter
25 Horse Association, United States Trotting Association, or
26 Jockey Club, as appropriate, used for purposes of breeding or

1 racing for prizes. This item (14) is exempt from the
2 provisions of Section 3-75, and the exemption provided for
3 under this item (14) applies for all periods beginning May 30,
4 1995, but no claim for credit or refund is allowed on or after
5 January 1, 2008 (the effective date of Public Act 95-88) for
6 such taxes paid during the period beginning May 30, 2000 and
7 ending on January 1, 2008 (the effective date of Public Act
8 95-88).

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

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

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

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

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

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

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

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

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

1 does not apply to fundraising events (i) for the benefit of
2 private home instruction or (ii) for which the fundraising
3 entity purchases the personal property sold at the events from
4 another individual or entity that sold the property for the
5 purpose of resale by the fundraising entity and that profits
6 from the sale to the fundraising entity. This paragraph is
7 exempt from the provisions of Section 3-75.

8 (22) Beginning January 1, 2000 and through December 31,
9 2001, new or used automatic vending machines that prepare and
10 serve hot food and beverages, including coffee, soup, and
11 other items, and replacement parts for these machines.
12 Beginning January 1, 2002 and through June 30, 2003, machines
13 and parts for machines used in commercial, coin-operated
14 amusement and vending business if a use or occupation tax is
15 paid on the gross receipts derived from the use of the
16 commercial, coin-operated amusement and vending machines. This
17 paragraph is exempt from the provisions of Section 3-75.

18 (23) Beginning August 23, 2001 and through June 30, 2016,
19 food for human consumption that is to be consumed off the
20 premises where it is sold (other than alcoholic beverages,
21 soft drinks, and food that has been prepared for immediate
22 consumption) and prescription and nonprescription medicines,
23 drugs, medical appliances, and insulin, urine testing
24 materials, syringes, and needles used by diabetics, for human
25 use, when purchased for use by a person receiving medical
26 assistance under Article V of the Illinois Public Aid Code who

1 resides in a licensed long-term care facility, as defined in
2 the Nursing Home Care Act, or in a licensed facility as defined
3 in the ID/DD Community Care Act, the MC/DD Act, or the
4 Specialized Mental Health Rehabilitation Act of 2013.

5 (24) Beginning on August 2, 2001 (the effective date of
6 Public Act 92-227), computers and communications equipment
7 utilized for any hospital purpose and equipment used in the
8 diagnosis, analysis, or treatment of hospital patients
9 purchased by a lessor who leases the equipment, under a lease
10 of one year or longer executed or in effect at the time the
11 lessor would otherwise be subject to the tax imposed by this
12 Act, to a 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. If the equipment is leased
15 in a manner that does not qualify for this exemption or is used
16 in any other nonexempt manner, the lessor shall be liable for
17 the tax imposed under this Act or the Use Tax Act, as the case
18 may be, based on the fair market value of the property at the
19 time the nonqualifying use occurs. No lessor shall collect or
20 attempt to collect an amount (however designated) that
21 purports to reimburse that lessor for the tax imposed by this
22 Act or the Use Tax Act, as the case may be, if the tax has not
23 been paid by the lessor. If a lessor improperly collects any
24 such amount from the lessee, the lessee shall have a legal
25 right to claim a refund of that amount from the lessor. If,
26 however, that amount is not refunded to the lessee for any

1 reason, the lessor is liable to pay that amount to the
2 Department. This paragraph is exempt from the provisions of
3 Section 3-75.

4 (25) Beginning on August 2, 2001 (the effective date of
5 Public Act 92-227), personal property purchased by a lessor
6 who leases the property, under a lease of one year or longer
7 executed or in effect at the time the lessor would otherwise be
8 subject to the tax imposed by this Act, to a governmental body
9 that has been issued an active tax exemption identification
10 number by the Department under Section 1g of the Retailers'
11 Occupation Tax Act. If the property is leased in a manner that
12 does not qualify for this exemption or is used in any other
13 nonexempt manner, the lessor shall be liable for the tax
14 imposed under this Act or the Use Tax Act, as the case may be,
15 based on the fair market value of the property at the time the
16 nonqualifying use occurs. No lessor shall collect or attempt
17 to collect an amount (however designated) that purports to
18 reimburse that lessor for the tax imposed by this Act or the
19 Use Tax Act, as the case may be, if the tax has not been paid
20 by the lessor. If a lessor improperly collects any such amount
21 from the lessee, the lessee shall have a legal right to claim a
22 refund of that amount from the lessor. If, however, that
23 amount is not refunded to the lessee for any reason, the lessor
24 is liable to pay that amount to the Department. This paragraph
25 is exempt from the provisions of Section 3-75.

26 (26) Beginning January 1, 2008, tangible personal property

1 used in the construction or maintenance of a community water
2 supply, as defined under Section 3.145 of the Environmental
3 Protection Act, that is operated by a not-for-profit
4 corporation that holds a valid water supply permit issued
5 under Title IV of the Environmental Protection Act. This
6 paragraph is exempt from the provisions of Section 3-75.

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

23 Beginning January 1, 2010 and continuing through December
24 31, 2023, this exemption applies only to the use of qualifying
25 tangible personal property transferred incident to the
26 modification, refurbishment, completion, replacement, repair,

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

18 The exemption does not include aircraft operated by a
19 commercial air carrier providing scheduled passenger air
20 service pursuant to authority issued under Part 121 or Part
21 129 of the Federal Aviation Regulations. The changes made to
22 this paragraph (27) by Public Act 98-534 are declarative of
23 existing law. It is the intent of the General Assembly that the
24 exemption under this paragraph (27) applies continuously from
25 January 1, 2010 through December 31, 2024; however, no claim
26 for credit or refund is allowed for taxes paid as a result of

1 the disallowance of this exemption on or after January 1, 2015
2 and prior to February 5, 2020 (the effective date of Public Act
3 101-629).

4 (28) Tangible personal property purchased by a
5 public-facilities corporation, as described in Section
6 11-65-10 of the Illinois Municipal Code, for purposes of
7 constructing or furnishing a municipal convention hall, but
8 only if the legal title to the municipal convention hall is
9 transferred to the municipality without any further
10 consideration by or on behalf of the municipality at the time
11 of the completion of the municipal convention hall or upon the
12 retirement or redemption of any bonds or other debt
13 instruments issued by the public-facilities corporation in
14 connection with the development of the municipal convention
15 hall. This exemption includes existing public-facilities
16 corporations as provided in Section 11-65-25 of the Illinois
17 Municipal Code. This paragraph is exempt from the provisions
18 of Section 3-75.

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

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

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

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

13 The Department of Commerce and Economic Opportunity shall
14 grant a certificate of exemption under this item (31) to
15 qualified data centers as defined by Section 605-1025 of the
16 Department of Commerce and Economic Opportunity Law of the
17 Civil Administrative Code of Illinois.

18 For the purposes of this item (31):

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

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

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

24 This item (31) is exempt from the provisions of Section
25 3-75.

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

1 collection and storage supplies, and breast pump kits. This
2 item (32) is exempt from the provisions of Section 3-75. As
3 used in this item (32):

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

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

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

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

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

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

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

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

1 transaction is eligible for the exemption under this
2 paragraph. Retailers must keep the form as documentation of
3 the exemption in their records for a period of not less than 6
4 years. "Armed forces of the United States" means the United
5 States Army, Navy, Air Force, Space Force, Marine Corps, or
6 Coast Guard. This paragraph is exempt from the provisions of
7 Section 3-75.

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

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

25 (37) ~~(36)~~ Beginning on January 1, 2026, as further defined
26 in Section 3-10, food for human consumption that is to be

1 consumed off the premises where it is sold (other than
2 alcoholic beverages, food consisting of or infused with adult
3 use cannabis, soft drinks, candy, and food that has been
4 prepared for immediate consumption). This item (37) ~~(36)~~ is
5 exempt from the provisions of Section 3-75.

6 (38) ~~(35)~~ Use by a lessee of the following leased tangible
7 personal property:

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

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

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

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

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

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

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

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

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

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

17 (39) Beginning on January 1, 2027, tangible personal
18 property purchased for use in the construction or operation of
19 a small modular nuclear reactor in the State. This item is
20 exempt from the provisions of Section 3-75.

21 As used in this item (39):

22 "Small modular nuclear reactor" means a nuclear reactor
23 that:

24 (A) has a rated electric generating capacity of not
25 more than 470 megawatts;

26 (B) is capable of being constructed and operated,

1 either:

2 (i) alone; or

3 (ii) in combination with one or more similar
4 reactors at a single site if additional reactors are,
5 or become, necessary; and

6 (C) is required to be licensed by the United States
7 Nuclear Regulatory Commission.

8 "Small modular nuclear reactor" includes, but is not
9 limited to, a nuclear reactor that meets the criteria set
10 forth in this item (39) and that uses a process to produce
11 hydrogen that can be used for energy storage, as a fuel, or for
12 other uses.

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

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

23 (35 ILCS 115/3-5)

24 Sec. 3-5. Exemptions. The following tangible personal

1 property is exempt from the tax imposed by this Act:

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

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

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

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

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

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

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

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

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

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

1 agricultural chemicals.

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

5 This item (7) is exempt from the provisions of Section
6 3-55.

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

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

24 (9) Proceeds of mandatory service charges separately
25 stated on customers' bills for the purchase and consumption of
26 food and beverages, to the extent that the proceeds of the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 purpose of resale by the fundraising entity and that profits
2 from the sale to the fundraising entity. This paragraph is
3 exempt from the provisions of Section 3-55.

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

14 (24) Beginning on August 2, 2001 (the effective date of
15 Public Act 92-227), computers and communications equipment
16 utilized for any hospital purpose and equipment used in the
17 diagnosis, analysis, or treatment of hospital patients sold to
18 a lessor who leases the equipment, under a lease of one year or
19 longer 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 of
22 the Retailers' Occupation Tax Act. This paragraph is exempt
23 from the provisions of Section 3-55.

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

1 executed or in effect at the time of the purchase, to a
2 governmental body that has been issued an active tax exemption
3 identification number by the Department under Section 1g of
4 the Retailers' Occupation Tax Act. This paragraph is exempt
5 from the provisions of Section 3-55.

6 (26) Beginning on January 1, 2002 and through June 30,
7 2016, 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 (40) Beginning on January 1, 2027, tangible personal
21 property purchased for use in the construction or operation of
22 a small modular nuclear reactor in the State. This item is
23 exempt from the provisions of Section 3-55.

24 As used in this item (40):

25 "Small modular nuclear reactor" means a nuclear reactor
26 that:

1 (A) has a rated electric generating capacity of not
2 more than 470 megawatts;

3 (B) is capable of being constructed and operated,
4 either:

5 (i) alone; or

6 (ii) in combination with one or more similar
7 reactors at a single site if additional reactors are,
8 or become, necessary; and

9 (C) is required to be licensed by the United States
10 Nuclear Regulatory Commission.

11 "Small modular nuclear reactor" includes, but is not
12 limited to, a nuclear reactor that meets the criteria set
13 forth in this item (40) and that uses a process to produce
14 hydrogen that can be used for energy storage, as a fuel, or for
15 other uses.

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

24 Section 25. The Retailers' Occupation Tax Act is amended
25 by changing Section 2-5 as follows:

1 (35 ILCS 120/2-5)

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

6 (1) Farm chemicals.

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

1 licensed, if the selling price of the tender is separately
2 stated.

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

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

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

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

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

1 consumption as motor fuel or as a component of motor fuel
2 for the personal use of the user, and not subject to sale
3 or resale.

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

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

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

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

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

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

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

26 (11) Except as otherwise provided in this Section,

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

16 (12) (Blank).

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

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

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

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

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

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

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

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

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

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

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

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

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

26 Beginning July 1, 2013, fuel and petroleum products

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

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

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

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

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

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

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

11 (25-7) Beginning on July 1, 2007, no tax is imposed
12 under this Act on the sale of an aircraft, as defined in
13 Section 3 of the Illinois Aeronautics Act, if all of the
14 following conditions are met:

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

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

24 (3) the seller retains in his or her books and
25 records and provides to the Department a signed and
26 dated certification from the purchaser, on a form

1 prescribed by the Department, certifying that the
2 requirements of this item (25-7) are met. The
3 certificate must also include the name and address of
4 the purchaser, the address of the location where the
5 aircraft is to be titled or registered, the address of
6 the primary physical location of the aircraft, and
7 other information that the Department may reasonably
8 require.

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

10 "Based in this State" means hangared, stored, or
11 otherwise used, excluding post-sale customizations as
12 defined in this Section, for 10 or more days in each
13 12-month period immediately following the date of the sale
14 of the aircraft.

15 "Registered in this State" means an aircraft
16 registered with the Department of Transportation,
17 Aeronautics Division, or titled or registered with the
18 Federal Aviation Administration to an address located in
19 this State.

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

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

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

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

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

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

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

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

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

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

1 exempt from the provisions of Section 2-70.

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

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

1 recognized by the school district that consists primarily
2 of volunteers and includes parents and teachers of the
3 school children. This paragraph does not apply to
4 fundraising events (i) for the benefit of private home
5 instruction or (ii) for which the fundraising entity
6 purchases the personal property sold at the events from
7 another individual or entity that sold the property for
8 the purpose of resale by the fundraising entity and that
9 profits from the sale to the fundraising entity. This
10 paragraph is exempt from the provisions of Section 2-70.

11 (35) Beginning January 1, 2000 and through December
12 31, 2001, new or used automatic vending machines that
13 prepare and serve hot food and beverages, including
14 coffee, soup, and other items, and replacement parts for
15 these machines. Beginning January 1, 2002 and through June
16 30, 2003, machines and parts for machines used in
17 commercial, coin-operated amusement and vending business
18 if a use or occupation tax is paid on the gross receipts
19 derived from the use of the commercial, coin-operated
20 amusement and vending machines. This paragraph is exempt
21 from the provisions of Section 2-70.

22 (35-5) Beginning August 23, 2001 and through June 30,
23 2016, food for human consumption that is to be consumed
24 off the premises where it is sold (other than alcoholic
25 beverages, soft drinks, and food that has been prepared
26 for immediate consumption) and prescription and

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

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

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

1 (38) Beginning on January 1, 2002 and through June 30,
2 2016, tangible personal property purchased from an
3 Illinois retailer by a taxpayer engaged in centralized
4 purchasing activities in Illinois who will, upon receipt
5 of the property in Illinois, temporarily store the
6 property in Illinois (i) for the purpose of subsequently
7 transporting it outside this State for use or consumption
8 thereafter solely outside this State or (ii) for the
9 purpose of being processed, fabricated, or manufactured
10 into, attached to, or incorporated into other tangible
11 personal property to be transported outside this State and
12 thereafter used or consumed solely outside this State. The
13 Director of Revenue shall, pursuant to rules adopted in
14 accordance with the Illinois Administrative Procedure Act,
15 issue a permit to any taxpayer in good standing with the
16 Department who is eligible for the exemption under this
17 paragraph (38). The permit issued under this paragraph
18 (38) shall authorize the holder, to the extent and in the
19 manner specified in the rules adopted under this Act, to
20 purchase tangible personal property from a retailer exempt
21 from the taxes imposed by this Act. Taxpayers shall
22 maintain all necessary books and records to substantiate
23 the use and consumption of all such tangible personal
24 property outside of the State of Illinois.

25 (39) Beginning January 1, 2008, tangible personal
26 property used in the construction or maintenance of a

1 community water supply, as defined under Section 3.145 of
2 the Environmental Protection Act, that is operated by a
3 not-for-profit corporation that holds a valid water supply
4 permit issued under Title IV of the Environmental
5 Protection Act. This paragraph is exempt from the
6 provisions of Section 2-70.

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

24 Beginning January 1, 2010 and continuing through
25 December 31, 2023, this exemption applies only to the sale
26 of qualifying tangible personal property to persons who

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

24 The changes made to this paragraph (40) by Public Act
25 98-534 are declarative of existing law. It is the intent
26 of the General Assembly that the exemption under this

1 paragraph (40) applies continuously from January 1, 2010
2 through December 31, 2024; however, no claim for credit or
3 refund is allowed for taxes paid as a result of the
4 disallowance of this exemption on or after January 1, 2015
5 and prior to February 5, 2020 (the effective date of
6 Public Act 101-629).

7 (41) Tangible personal property sold to a
8 public-facilities corporation, as described in Section
9 11-65-10 of the Illinois Municipal Code, for purposes of
10 constructing or furnishing a municipal convention hall,
11 but only if the legal title to the municipal convention
12 hall is transferred to the municipality without any
13 further consideration by or on behalf of the municipality
14 at the time of the completion of the municipal convention
15 hall or upon the retirement or redemption of any bonds or
16 other debt instruments issued by the public-facilities
17 corporation in connection with the development of the
18 municipal convention hall. This exemption includes
19 existing public-facilities corporations as provided in
20 Section 11-65-25 of the Illinois Municipal Code. This
21 paragraph is exempt from the provisions of Section 2-70.

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

24 (43) Merchandise that is subject to the Rental
25 Purchase Agreement Occupation and Use Tax. The purchaser
26 must certify that the item is purchased to be rented

1 subject to a rental-purchase agreement, as defined in the
2 Rental-Purchase Agreement Act, and provide proof of
3 registration under the Rental Purchase Agreement
4 Occupation and Use Tax Act. This paragraph is exempt from
5 the provisions of Section 2-70.

6 (44) 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
12 subcontractor of the owner, operator, or tenant. Data
13 centers that would have qualified for a certificate of
14 exemption prior to January 1, 2020 had Public Act 101-31
15 been in effect, may apply for and obtain an exemption for
16 subsequent purchases of computer equipment or enabling
17 software purchased or leased to upgrade, supplement, or
18 replace computer equipment or enabling software purchased
19 or leased in the original investment that would have
20 qualified.

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

1 For the purposes of this item (44):

2 "Data center" means a building or a series of
3 buildings rehabilitated or constructed to house
4 working servers in one physical location or multiple
5 sites within the State of Illinois.

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

1 center. The term "qualified tangible personal
2 property" also includes building materials physically
3 incorporated into the qualifying data center. To
4 document the exemption allowed under this Section, the
5 retailer must obtain from the purchaser a copy of the
6 certificate of eligibility issued by the Department of
7 Commerce and Economic Opportunity.

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

10 (45) Beginning January 1, 2020 and through December
11 31, 2020, sales of tangible personal property made by a
12 marketplace seller over a marketplace for which tax is due
13 under this Act but for which use tax has been collected and
14 remitted to the Department by a marketplace facilitator
15 under Section 2d of the Use Tax Act are exempt from tax
16 under this Act. A marketplace seller claiming this
17 exemption shall maintain books and records demonstrating
18 that the use tax on such sales has been collected and
19 remitted by a marketplace facilitator. Marketplace sellers
20 that have properly remitted tax under this Act on such
21 sales may file a claim for credit as provided in Section 6
22 of this Act. No claim is allowed, however, for such taxes
23 for which a credit or refund has been issued to the
24 marketplace facilitator under the Use Tax Act, or for
25 which the marketplace facilitator has filed a claim for
26 credit or refund under the Use Tax Act.

1 (46) Beginning July 1, 2022, breast pumps, breast pump
2 collection and storage supplies, and breast pump kits.
3 This item (46) is exempt from the provisions of Section
4 2-70. As used in this item (46):

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

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

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

24 "Breast pump collection and storage supplies" does not
25 include: (1) bottles and bottle caps not specific to the
26 operation of the breast pump; (2) breast pump travel bags

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

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

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

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

1 sale, a form prescribed by the Department of Revenue
2 documenting that the transaction is eligible for the
3 exemption under this paragraph. Retailers must keep the
4 form as documentation of the exemption in their records
5 for a period of not less than 6 years. "Armed forces of the
6 United States" means the United States Army, Navy, Air
7 Force, Space Force, Marine Corps, or Coast Guard. This
8 paragraph is exempt from the provisions of Section 2-70.

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

16 (50) ~~(49)~~ Beginning on January 1, 2026, as further
17 defined in Section 2-10, food for human consumption that
18 is to be consumed off the premises where it is sold (other
19 than alcoholic beverages, food consisting of or infused
20 with adult use cannabis, soft drinks, candy, and food that
21 has been prepared for immediate consumption). This item
22 (50) ~~(49)~~ is exempt from the provisions of Section 2-70.

23 (51) ~~(49)~~ Gross receipts from the lease of the
24 following tangible personal property:

- 25 (1) computer software transferred subject to a
26 license that meets the following requirements:

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

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

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

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

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

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

1 statement made under penalties of perjury by the
2 licensor; and

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

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

13 (52) Beginning on January 1, 2027, tangible personal
14 property purchased for use in the construction or
15 operation of a small modular nuclear reactor in the State.
16 This item is exempt from the provisions of Section 2-70.

17 As used in this item (52):

18 "Small modular nuclear reactor" means a nuclear
19 reactor that:

20 (A) has a rated electric generating capacity of
21 not more than 470 megawatts;

22 (B) is capable of being constructed and operated,
23 either:

24 (i) alone; or

25 (ii) in combination with one or more similar
26 reactors at a single site if additional reactors

1 are, or become, necessary; and
2 (C) is required to be licensed by the United
3 States Nuclear Regulatory Commission.
4 "Small modular nuclear reactor" includes, but is not
5 limited to, a nuclear reactor that meets the criteria set
6 forth in this item (52) and that uses a process to produce
7 hydrogen that can be used for energy storage, as a fuel, or
8 for other uses.

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

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