

SB3869



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3869

Introduced 2/6/2026, by Sen. John F. Curran

SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that diapers for use by infants, children, or adults are exempt from the taxes under the Acts. Effective immediately.

LRB104 18266 HLH 31705 b

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

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

17 (7) Farm chemicals.

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

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

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

1 Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 For the purposes of this item (40):

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

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

1 Economic Opportunity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (47) On and after January 1, 2027, diapers for use by
11 infants, children, or adults. This paragraph is exempt from
12 the provisions of Section 3-90.

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

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

20 (35 ILCS 110/3-5)

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

23 (1) Personal property purchased from a corporation,
24 society, association, foundation, institution, or

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

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

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

24 (4) Legal tender, currency, medallions, or gold or silver
25 coinage issued by the State of Illinois, the government of the
26 United States of America, or the government of any foreign

1 country, and bullion.

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

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

17 (7) Farm machinery and equipment, both new and used,
18 including that manufactured on special order, certified by the
19 purchaser to be used primarily for production agriculture or
20 State or federal agricultural programs, including individual
21 replacement parts for the machinery and equipment, including
22 machinery and equipment purchased for lease, and including
23 implements of husbandry defined in Section 1-130 of the
24 Illinois Vehicle Code, farm machinery and agricultural
25 chemical and fertilizer spreaders, and nurse wagons required
26 to be registered under Section 3-809 of the Illinois Vehicle

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

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

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

25 Beginning on January 1, 2024, farm machinery and equipment
26 also includes electrical power generation equipment used

1 primarily for production agriculture.

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

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

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

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

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

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

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

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

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

5 (13) Semen used for artificial insemination of livestock
6 for direct agricultural production.

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

20 (15) Computers and communications equipment utilized for
21 any hospital purpose and equipment used in the diagnosis,
22 analysis, or treatment of hospital patients purchased by a
23 lessor who leases the equipment, under a lease of one year or
24 longer executed or in effect at the time the lessor would
25 otherwise be subject to the tax imposed by this Act, to a
26 hospital that has been issued an active tax exemption

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

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

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

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

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

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

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

12 (20) A motor vehicle, as that term is defined in Section
13 1-146 of the Illinois Vehicle Code, that is donated to a
14 corporation, limited liability company, society, association,
15 foundation, or institution that is determined by the
16 Department to be organized and operated exclusively for
17 educational purposes. For purposes of this exemption, "a
18 corporation, limited liability company, society, association,
19 foundation, or institution organized and operated exclusively
20 for educational purposes" means all tax-supported public
21 schools, private schools that offer systematic instruction in
22 useful branches of learning by methods common to public
23 schools and that compare favorably in their scope and
24 intensity with the course of study presented in tax-supported
25 schools, and vocational or technical schools or institutes
26 organized and operated exclusively to provide a course of

1 study of not less than 6 weeks duration and designed to prepare
2 individuals to follow a trade or to pursue a manual,
3 technical, mechanical, industrial, business, or commercial
4 occupation.

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

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

1 commercial, coin-operated amusement and vending machines. This
2 paragraph is exempt from the provisions of Section 3-75.

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

16 (24) Beginning on August 2, 2001 (the effective date of
17 Public Act 92-227), computers and communications equipment
18 utilized for any hospital purpose and equipment used in the
19 diagnosis, analysis, or treatment of hospital patients
20 purchased by a lessor who leases the equipment, under a lease
21 of one year or longer executed or in effect at the time the
22 lessor would otherwise be subject to the tax imposed by this
23 Act, to a hospital that has been issued an active tax exemption
24 identification number by the Department under Section 1g of
25 the Retailers' Occupation Tax Act. If the equipment is leased
26 in a manner that does not qualify for this exemption or is used

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

15 (25) Beginning on August 2, 2001 (the effective date of
16 Public Act 92-227), personal property purchased by a lessor
17 who leases the property, under a lease of one year or longer
18 executed or in effect at the time the lessor would otherwise be
19 subject to the tax imposed by this Act, to a governmental body
20 that has been issued an active tax exemption identification
21 number by the Department under Section 1g of the Retailers'
22 Occupation Tax Act. If the property is leased in a manner that
23 does not qualify for this exemption or is used in any other
24 nonexempt manner, the lessor shall be liable for the tax
25 imposed under this Act or the Use Tax Act, as the case may be,
26 based on the fair market value of the property at the time the

1 nonqualifying use occurs. No lessor shall collect or attempt
2 to collect an amount (however designated) that purports to
3 reimburse that lessor for the tax imposed by this Act or the
4 Use Tax Act, as the case may be, if the tax has not been paid
5 by the lessor. If a lessor improperly collects any such amount
6 from the lessee, the lessee shall have a legal right to claim a
7 refund of that amount from the lessor. If, however, that
8 amount is not refunded to the lessee for any reason, the lessor
9 is liable to pay that amount to the Department. This paragraph
10 is exempt from the provisions of Section 3-75.

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

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

1 components, and consumable supplies used in the modification,
2 replacement, repair, and maintenance of aircraft engines or
3 power plants, whether such engines or power plants are
4 installed or uninstalled upon any such aircraft. "Consumable
5 supplies" include, but are not limited to, adhesive, tape,
6 sandpaper, general purpose lubricants, cleaning solution,
7 latex gloves, and protective films.

8 Beginning January 1, 2010 and continuing through December
9 31, 2023, this exemption applies only to the use of qualifying
10 tangible personal property transferred incident to the
11 modification, refurbishment, completion, replacement, repair,
12 or maintenance of aircraft by persons who (i) hold an Air
13 Agency Certificate and are empowered to operate an approved
14 repair station by the Federal Aviation Administration, (ii)
15 have a Class IV Rating, and (iii) conduct operations in
16 accordance with Part 145 of the Federal Aviation Regulations.
17 From January 1, 2024 through December 31, 2029, this exemption
18 applies only to the use of qualifying tangible personal
19 property transferred incident to: (A) the modification,
20 refurbishment, completion, repair, replacement, or maintenance
21 of an aircraft by persons who (i) hold an Air Agency
22 Certificate and are empowered to operate an approved repair
23 station by the Federal Aviation Administration, (ii) have a
24 Class IV Rating, and (iii) conduct operations in accordance
25 with Part 145 of the Federal Aviation Regulations; and (B) the
26 modification, replacement, repair, and maintenance of aircraft

1 engines or power plants without regard to whether or not those
2 persons meet the qualifications of item (A).

3 The exemption does not include aircraft operated by a
4 commercial air carrier providing scheduled passenger air
5 service pursuant to authority issued under Part 121 or Part
6 129 of the Federal Aviation Regulations. The changes made to
7 this paragraph (27) by Public Act 98-534 are declarative of
8 existing law. It is the intent of the General Assembly that the
9 exemption under this paragraph (27) applies continuously from
10 January 1, 2010 through December 31, 2024; however, no claim
11 for credit or refund is allowed for taxes paid as a result of
12 the disallowance of this exemption on or after January 1, 2015
13 and prior to February 5, 2020 (the effective date of Public Act
14 101-629).

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

1 corporations as provided in Section 11-65-25 of the Illinois
2 Municipal Code. This paragraph is exempt from the provisions
3 of Section 3-75.

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

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

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

24 The Department of Commerce and Economic Opportunity shall
25 grant a certificate of exemption under this item (31) to
26 qualified data centers as defined by Section 605-1025 of the

1 Department of Commerce and Economic Opportunity Law of the
2 Civil Administrative Code of Illinois.

3 For the purposes of this item (31):

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

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

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

9 This item (31) is exempt from the provisions of Section
10 3-75.

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

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

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

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

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

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

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

5 (34) Beginning on January 1, 2024, tangible personal
6 property purchased by an active duty member of the armed
7 forces of the United States who presents valid military
8 identification and purchases the property using a form of
9 payment where the federal government is the payor. The member
10 of the armed forces must complete, at the point of sale, a form
11 prescribed by the Department of Revenue documenting that the
12 transaction is eligible for the exemption under this
13 paragraph. Retailers must keep the form as documentation of
14 the exemption in their records for a period of not less than 6
15 years. "Armed forces of the United States" means the United
16 States Army, Navy, Air Force, Space Force, Marine Corps, or
17 Coast Guard. This paragraph is exempt from the provisions of
18 Section 3-75.

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

25 (36) Beginning on January 1, 2026, as further defined in
26 Section 3-10, food prepared for immediate consumption and

1 transferred incident to a sale of service subject to this Act
2 or the Service Occupation Tax Act by an entity licensed under
3 the Hospital Licensing Act, the Nursing Home Care Act, the
4 Assisted Living and Shared Housing Act, the ID/DD Community
5 Care Act, the MC/DD Act, the Specialized Mental Health
6 Rehabilitation Act of 2013, or the Child Care Act of 1969 or by
7 an entity that holds a permit issued pursuant to the Life Care
8 Facilities Act. This item (36) is exempt from the provisions
9 of Section 3-75.

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

17 (38) Use by a lessee of the following leased tangible
18 personal property:

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

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

23 (i) an electronic agreement in which the
24 customer accepts the license by means of an
25 electronic signature that is verifiable and can be
26 authenticated and is attached to or made part of

1 the license will comply with this requirement;

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

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

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

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

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

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

1 January 1, 2023.

2 (39) On and after January 1, 2027, diapers for use by
3 infants, children, or adults. This paragraph is exempt from
4 the provisions of Section 3-75.

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

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

13 (35 ILCS 115/3-5)

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

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

23 (2) Personal property purchased by a not-for-profit
24 Illinois county fair association for use in conducting,

1 operating, or promoting the county fair.

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

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

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

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

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

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

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

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

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

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

21 This item (7) is exempt from the provisions of Section
22 3-55.

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

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

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

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

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

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

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

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

22 (13) Beginning January 1, 1992 and through June 30, 2016,
23 food for human consumption that is to be consumed off the
24 premises where it is sold (other than alcoholic beverages,
25 soft drinks and food that has been prepared for immediate
26 consumption) and prescription and non-prescription medicines,

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

9 (14) Semen used for artificial insemination of livestock
10 for direct agricultural production.

11 (15) Horses, or interests in horses, registered with and
12 meeting the requirements of any of the Arabian Horse Club
13 Registry of America, Appaloosa Horse Club, American Quarter
14 Horse Association, United States Trotting Association, or
15 Jockey Club, as appropriate, used for purposes of breeding or
16 racing for prizes. This item (15) is exempt from the
17 provisions of Section 3-55, and the exemption provided for
18 under this item (15) applies for all periods beginning May 30,
19 1995, but no claim for credit or refund is allowed on or after
20 January 1, 2008 (the effective date of Public Act 95-88) for
21 such taxes paid during the period beginning May 30, 2000 and
22 ending on January 1, 2008 (the effective date of Public Act
23 95-88).

24 (16) Computers and communications equipment utilized for
25 any hospital purpose and equipment used in the diagnosis,
26 analysis, or treatment of hospital patients sold to a lessor

1 who leases the equipment, under a lease of one year or longer
2 executed or in effect at the time of the purchase, to a
3 hospital that has been issued an active tax exemption
4 identification number by the Department under Section 1g of
5 the Retailers' Occupation Tax Act.

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

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

22 (19) 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 used in
25 the performance of infrastructure repairs in this State,
26 including, but not limited to, municipal roads and streets,

1 access roads, bridges, sidewalks, waste disposal systems,
2 water and sewer line extensions, water distribution and
3 purification facilities, storm water drainage and retention
4 facilities, and sewage treatment facilities, resulting from a
5 State or federally declared disaster in Illinois or bordering
6 Illinois when such repairs are initiated on facilities located
7 in the declared disaster area within 6 months after the
8 disaster.

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

13 (21) A motor vehicle, as that term is defined in Section
14 1-146 of the Illinois Vehicle Code, that is donated to a
15 corporation, limited liability company, society, association,
16 foundation, or institution that is determined by the
17 Department to be organized and operated exclusively for
18 educational purposes. For purposes of this exemption, "a
19 corporation, limited liability company, society, association,
20 foundation, or institution organized and operated exclusively
21 for educational purposes" means all tax-supported public
22 schools, private schools that offer systematic instruction in
23 useful branches of learning by methods common to public
24 schools and that compare favorably in their scope and
25 intensity with the course of study presented in tax-supported
26 schools, and vocational or technical schools or institutes

1 organized and operated exclusively to provide a course of
2 study of not less than 6 weeks duration and designed to prepare
3 individuals to follow a trade or to pursue a manual,
4 technical, mechanical, industrial, business, or commercial
5 occupation.

6 (22) Beginning January 1, 2000, personal property,
7 including food, purchased through fundraising events for the
8 benefit of a public or private elementary or secondary school,
9 a group of those schools, or one or more school districts if
10 the events are sponsored by an entity recognized by the school
11 district that consists primarily of volunteers and includes
12 parents and teachers of the school children. This paragraph
13 does not apply to fundraising events (i) for the benefit of
14 private home instruction or (ii) for which the fundraising
15 entity purchases the personal property sold at the events from
16 another individual or entity that sold the property for the
17 purpose of resale by the fundraising entity and that profits
18 from the sale to the fundraising entity. This paragraph is
19 exempt from the provisions of Section 3-55.

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

1 paid on the gross receipts derived from the use of the
2 commercial, coin-operated amusement and vending machines. This
3 paragraph is exempt from the provisions of Section 3-55.

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

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

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

1 for the purpose of subsequently transporting it outside this
2 State for use or consumption thereafter solely outside this
3 State or (ii) for the purpose of being processed, fabricated,
4 or manufactured into, attached to, or incorporated into other
5 tangible personal property to be transported outside this
6 State and thereafter used or consumed solely outside this
7 State. The Director of Revenue shall, pursuant to rules
8 adopted in accordance with the Illinois Administrative
9 Procedure Act, issue a permit to any taxpayer in good standing
10 with the Department who is eligible for the exemption under
11 this paragraph (26). The permit issued under this paragraph
12 (26) shall authorize the holder, to the extent and in the
13 manner specified in the rules adopted under this Act, to
14 purchase tangible personal property from a retailer exempt
15 from the taxes imposed by this Act. Taxpayers shall maintain
16 all necessary books and records to substantiate the use and
17 consumption of all such tangible personal property outside of
18 the State of Illinois.

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

26 (28) Tangible personal property sold to a

1 public-facilities corporation, as described in Section
2 11-65-10 of the Illinois Municipal Code, for purposes of
3 constructing or furnishing a municipal convention hall, but
4 only if the legal title to the municipal convention hall is
5 transferred to the municipality without any further
6 consideration by or on behalf of the municipality at the time
7 of the completion of the municipal convention hall or upon the
8 retirement or redemption of any bonds or other debt
9 instruments issued by the public-facilities corporation in
10 connection with the development of the municipal convention
11 hall. This exemption includes existing public-facilities
12 corporations as provided in Section 11-65-25 of the Illinois
13 Municipal Code. This paragraph is exempt from the provisions
14 of Section 3-55.

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

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

5 Beginning January 1, 2010 and continuing through December
6 31, 2023, this exemption applies only to the transfer of
7 qualifying tangible personal property incident to the
8 modification, refurbishment, completion, replacement, repair,
9 or maintenance of an aircraft by persons who (i) hold an Air
10 Agency Certificate and are empowered to operate an approved
11 repair station by the Federal Aviation Administration, (ii)
12 have a Class IV Rating, and (iii) conduct operations in
13 accordance with Part 145 of the Federal Aviation Regulations.
14 The exemption does not include aircraft operated by a
15 commercial air carrier providing scheduled passenger air
16 service pursuant to authority issued under Part 121 or Part
17 129 of the Federal Aviation Regulations. From January 1, 2024
18 through December 31, 2029, this exemption applies only to the
19 transfer of qualifying tangible personal property incident to:
20 (A) the modification, refurbishment, completion, repair,
21 replacement, or maintenance of an aircraft by persons who (i)
22 hold an Air Agency Certificate and are empowered to operate an
23 approved repair station by the Federal Aviation
24 Administration, (ii) have a Class IV Rating, and (iii) conduct
25 operations in accordance with Part 145 of the Federal Aviation
26 Regulations; and (B) the modification, replacement, repair,

1 and maintenance of aircraft engines or power plants without
2 regard to whether or not those persons meet the qualifications
3 of item (A).

4 The changes made to this paragraph (29) by Public Act
5 98-534 are declarative of existing law. It is the intent of the
6 General Assembly that the exemption under this paragraph (29)
7 applies continuously from January 1, 2010 through December 31,
8 2024; however, no claim for credit or refund is allowed for
9 taxes paid as a result of the disallowance of this exemption on
10 or after January 1, 2015 and prior to February 5, 2020 (the
11 effective date of Public Act 101-629).

12 (30) Beginning January 1, 2017 and through December 31,
13 2026, menstrual pads, tampons, and menstrual cups.

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

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

1 equipment or enabling software purchased or leased to upgrade,
2 supplement, or replace computer equipment or enabling software
3 purchased or leased in the original investment that would have
4 qualified.

5 The Department of Commerce and Economic Opportunity shall
6 grant a certificate of exemption under this item (32) to
7 qualified data centers as defined by Section 605-1025 of the
8 Department of Commerce and Economic Opportunity Law of the
9 Civil Administrative Code of Illinois.

10 For the purposes of this item (32):

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

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

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

16 This item (32) is exempt from the provisions of Section
17 3-55.

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

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

1 device and is packaged and sold with the pump device at the
2 time of sale.

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

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

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

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

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

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

26 (36) Beginning July 1, 2024, home-delivered meals provided

1 to Medicare or Medicaid recipients when payment is made by an
2 intermediary, such as a Medicare Administrative Contractor, a
3 Managed Care Organization, or a Medicare Advantage
4 Organization, pursuant to a government contract. This
5 paragraph (36) is exempt from the provisions of Section 3-55.

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

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

24 (39) The lease of the following tangible personal
25 property:

26 (1) computer software transferred subject to a license

1 that meets the following requirements:

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

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

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

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

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

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

26 (E) the customer must destroy or return all copies

1 of the software to the licensor at the end of the
2 license period; this provision is deemed to be met, in
3 the case of a perpetual license, without being set
4 forth in the license agreement; and

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

9 (40) On and after January 1, 2027, diapers for use by
10 infants, children, or adults. This paragraph is exempt from
11 the provisions of Section 3-55.

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

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

20 (35 ILCS 120/2-5)

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

1 (1) Farm chemicals.

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

23 Farm machinery and equipment shall include precision
24 farming equipment that is installed or purchased to be
25 installed on farm machinery and equipment including, but
26 not limited to, tractors, harvesters, sprayers, planters,

1 seeders, or spreaders. Precision farming equipment
2 includes, but is not limited to, soil testing sensors,
3 computers, monitors, software, global positioning and
4 mapping systems, and other such equipment.

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

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

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

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

24 (4) Until July 1, 2003 and beginning again September
25 1, 2004 through August 30, 2014, graphic arts machinery
26 and equipment, including repair and replacement parts,

1 both new and used, and including that manufactured on
2 special order or purchased for lease, certified by the
3 purchaser to be used primarily for graphic arts
4 production. Equipment includes chemicals or chemicals
5 acting as catalysts but only if the chemicals or chemicals
6 acting as catalysts effect a direct and immediate change
7 upon a graphic arts product. Beginning on July 1, 2017,
8 graphic arts machinery and equipment is included in the
9 manufacturing and assembling machinery and equipment
10 exemption under paragraph (14).

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

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

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

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

24 (9) Personal property sold to a not-for-profit arts or
25 cultural organization that establishes, by proof required
26 by the Department by rule, that it has received an

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

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

20 (11) Except as otherwise provided in this Section,
21 personal property sold to a governmental body, to a
22 corporation, society, association, foundation, or
23 institution organized and operated exclusively for
24 charitable, religious, or educational purposes, or to a
25 not-for-profit corporation, society, association,
26 foundation, institution, or organization that has no

1 compensated officers or employees and that is organized
2 and operated primarily for the recreation of persons 55
3 years of age or older. A limited liability company may
4 qualify for the exemption under this paragraph only if the
5 limited liability company is organized and operated
6 exclusively for educational purposes. On and after July 1,
7 1987, however, no entity otherwise eligible for this
8 exemption shall make tax-free purchases unless it has an
9 active identification number issued by the Department.

10 (12) (Blank).

11 (12-5) On and after July 1, 2003 and through June 30,
12 2004, motor vehicles of the second division with a gross
13 vehicle weight in excess of 8,000 pounds that are subject
14 to the commercial distribution fee imposed under Section
15 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
16 2004 and through June 30, 2005, the use in this State of
17 motor vehicles of the second division: (i) with a gross
18 vehicle weight rating in excess of 8,000 pounds; (ii) that
19 are subject to the commercial distribution fee imposed
20 under Section 3-815.1 of the Illinois Vehicle Code; and
21 (iii) that are primarily used for commercial purposes.
22 Through June 30, 2005, this exemption applies to repair
23 and replacement parts added after the initial purchase of
24 such a motor vehicle if that motor vehicle is used in a
25 manner that would qualify for the rolling stock exemption
26 otherwise provided for in this Act. For purposes of this

1 paragraph, "used for commercial purposes" means the
2 transportation of persons or property in furtherance of
3 any commercial or industrial enterprise whether for-hire
4 or not.

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

13 (14) Machinery and equipment that will be used by the
14 purchaser, or a lessee of the purchaser, primarily in the
15 process of manufacturing or assembling tangible personal
16 property for wholesale or retail sale or lease, whether
17 the sale or lease is made directly by the manufacturer or
18 by some other person, whether the materials used in the
19 process are owned by the manufacturer or some other
20 person, or whether the sale or lease is made apart from or
21 as an incident to the seller's engaging in the service
22 occupation of producing machines, tools, dies, jigs,
23 patterns, gauges, or other similar items of no commercial
24 value on special order for a particular purchaser. The
25 exemption provided by this paragraph (14) does not include
26 machinery and equipment used in (i) the generation of

1 electricity for wholesale or retail sale; (ii) the
2 generation or treatment of natural or artificial gas for
3 wholesale or retail sale that is delivered to customers
4 through pipes, pipelines, or mains; or (iii) the treatment
5 of water for wholesale or retail sale that is delivered to
6 customers through pipes, pipelines, or mains. The
7 provisions of Public Act 98-583 are declaratory of
8 existing law as to the meaning and scope of this
9 exemption. Beginning on July 1, 2017, the exemption
10 provided by this paragraph (14) includes, but is not
11 limited to, graphic arts machinery and equipment, as
12 defined in paragraph (4) of this Section.

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

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

25 (17) Tangible personal property sold to a common
26 carrier by rail or motor that receives the physical

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

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

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

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

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

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

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

1 package for hire from the city of origination to the city
2 of final destination on the same aircraft, without regard
3 to a change in the flight number of that aircraft.

4 (23) A transaction in which the purchase order is
5 received by a florist who is located outside Illinois, but
6 who has a florist located in Illinois deliver the property
7 to the purchaser or the purchaser's donee in Illinois.

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

14 (25) Except as provided in items (25-5) and (25-6) of
15 this Section, a motor vehicle sold in this State to a
16 nonresident even though the motor vehicle is delivered to
17 the nonresident in this State, if the motor vehicle is not
18 to be titled in this State, and if a drive-away permit is
19 issued to the motor vehicle as provided in Section 3-603
20 of the Illinois Vehicle Code or if the nonresident
21 purchaser has vehicle registration plates to transfer to
22 the motor vehicle upon returning to his or her home state.
23 The issuance of the drive-away permit or having the
24 out-of-state registration plates to be transferred is
25 prima facie evidence that the motor vehicle will not be
26 titled in this State.

1 (25-5) The exemption under item (25) does not apply if
2 the state in which the motor vehicle will be titled does
3 not allow a reciprocal exemption for a motor vehicle sold
4 and delivered in that state to an Illinois resident but
5 titled in Illinois. The tax collected under this Act on
6 the sale of a motor vehicle in this State to a resident of
7 another state that does not allow a reciprocal exemption
8 shall be imposed at a rate equal to the state's rate of tax
9 on taxable property in the state in which the purchaser is
10 a resident, except that the tax shall not exceed the tax
11 that would otherwise be imposed under this Act. At the
12 time of the sale, the purchaser shall execute a statement,
13 signed under penalty of perjury, of his or her intent to
14 title the vehicle in the state in which the purchaser is a
15 resident within 30 days after the sale and of the fact of
16 the payment to the State of Illinois of tax in an amount
17 equivalent to the state's rate of tax on taxable property
18 in his or her state of residence and shall submit the
19 statement to the appropriate tax collection agency in his
20 or her state of residence. In addition, the retailer must
21 retain a signed copy of the statement in his or her
22 records. Nothing in this item shall be construed to
23 require the removal of the vehicle from this state
24 following the filing of an intent to title the vehicle in
25 the purchaser's state of residence if the purchaser titles
26 the vehicle in his or her state of residence within 30 days

1 after the date of sale. The tax collected under this Act in
2 accordance with this item (25-5) shall be proportionately
3 distributed as if the tax were collected at the 6.25%
4 general rate imposed under this Act.

5 (25-6) There is a rebuttable presumption that the
6 exemption under item (25) does not apply if the purchaser
7 is a limited liability company and a member of the limited
8 liability company is a resident of Illinois. This
9 presumption may be rebutted by other evidence, such as
10 evidence the motor vehicle is insured at a garaging or
11 storage address outside Illinois or other evidence of the
12 physical address at which the motor vehicle will be
13 permanently stored or garaged outside Illinois.

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

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

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

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

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

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

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

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

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

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

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

23 (29) Personal property sold to a lessor who leases the
24 property, under a lease of one year or longer executed or
25 in effect at the time of the purchase, to a governmental
26 body that has been issued an active tax exemption

1 identification number by the Department under Section 1g
2 of this Act.

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

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

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

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

25 (34) Beginning January 1, 2000, personal property,
26 including food, purchased through fundraising events for

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

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

25 (35-5) Beginning August 23, 2001 and through June 30,
26 2016, food for human consumption that is to be consumed

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

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

23 (37) Beginning August 2, 2001, personal property sold
24 to a lessor who leases the property, under a lease of one
25 year or longer executed or in effect at the time of the
26 purchase, to a governmental body that has been issued an

1 active tax exemption identification number by the
2 Department under Section 1g of this Act. This paragraph is
3 exempt from the provisions of Section 2-70.

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

1 property outside of the State of Illinois.

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

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

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

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

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

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

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

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

24 The Department of Commerce and Economic Opportunity
25 shall grant a certificate of exemption under this item
26 (44) to qualified data centers as defined by Section

1 605-1025 of the Department of Commerce and Economic
2 Opportunity Law of the Civil Administrative Code of
3 Illinois.

4 For the purposes of this item (44):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (51) Gross receipts from the lease of the following

1 tangible personal property:

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

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

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

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

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

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

23 (D) the licensor has a policy of providing
24 another copy at minimal or no charge if the
25 customer loses or damages the software, or of
26 permitting the licensee to make and keep an

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

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

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

16 (52) On and after January 1, 2027, diapers for use by
17 infants, children, or adults. This paragraph is exempt
18 from the provisions of Section 2-70.

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

25 Section 99. Effective date. This Act takes effect upon
26 becoming law.