



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3918

Introduced 2/6/2026, by Sen. Darby A. Hills

SYNOPSIS AS INTRODUCED:

20 ILCS 3805/33.1 new
35 ILCS 5/246 new
35 ILCS 105/3-5
35 ILCS 110/3-5
35 ILCS 115/3-5
35 ILCS 120/2-5

Amends the Illinois Housing Development Act. Provides that the Illinois Housing Development Authority shall issue to home builders who build single-family homes in the State (i) certificates of exemption from the Retailers' Occupation Tax Act, the Use Tax Act, the Service Use Tax Act, and the Service Occupation Tax Act and (ii) credit certifications against the taxes imposed under the Illinois Income Tax Act.

LRB104 19344 HLH 32791 b

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Housing Development Act is amended
5 by adding Section 33.1 as follows:

6 (20 ILCS 3805/33.1 new)

7 Sec. 33.1. Home builder incentives. The Authority shall
8 issue to home builders who build single-family homes in the
9 State (i) certificates of exemption from the Retailers'
10 Occupation Tax Act, the Use Tax Act, the Service Use Tax Act,
11 and the Service Occupation Tax Act and (ii) credit
12 certifications against the taxes imposed under subsections (a)
13 and (b) of Section 201 of the Illinois Income Tax Act.

14 Section 10. The Illinois Income Tax Act is amended by
15 adding Section 246 as follows:

16 (35 ILCS 5/246 new)

17 Sec. 246. Home builder credit.

18 (a) A taxpayer who has been awarded a credit by the
19 Illinois Housing Development Authority under Section 33.1 of
20 the Illinois Housing Development Act is entitled to a credit
21 against the taxes imposed under subsections (a) and (b) of

1 Section 201 of this Act. The amount of the credit shall be 20%
2 of the wages paid during the taxable year to a full-time or
3 part-time employee of the taxpayer.

4 (b) In no event shall a credit under this Section reduce
5 the taxpayer's liability to less than zero. If the amount of
6 the credit exceeds the tax liability for the year, the excess
7 may be carried forward and applied to the tax liability of the
8 5 taxable years following the excess credit year. The tax
9 credit shall be applied to the earliest year for which there is
10 a tax liability. If there are credits for more than one year
11 that are available to offset a liability, the earlier credit
12 shall be applied first.

13 (c) This Section is exempt from the provisions of Section
14 250.

15 Section 15. The Use Tax Act is amended by changing Section
16 3-5 as follows:

17 (35 ILCS 105/3-5)

18 Sec. 3-5. Exemptions. Use, which, on and after January 1,
19 2025, includes use by a lessee, of the following tangible
20 personal property is exempt from the tax imposed by this Act:

21 (1) Personal property purchased from a corporation,
22 society, association, foundation, institution, or
23 organization, other than a limited liability company, that is
24 organized and operated as a not-for-profit service enterprise

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

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

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

22 (4) Except as otherwise provided in this Act, personal
23 property purchased by a governmental body, by a corporation,
24 society, association, foundation, or institution organized and
25 operated exclusively for charitable, religious, or educational
26 purposes, or by a not-for-profit corporation, society,

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

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

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

1 (7) Farm chemicals.

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

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

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

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

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

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

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

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

23 This item (11) is exempt from the provisions of Section
24 3-90.

25 (12) Until June 30, 2013, fuel and petroleum products sold
26 to or used by an air common carrier, certified by the carrier

1 to be used for consumption, shipment, or storage in the
2 conduct of its business as an air common carrier, for a flight
3 destined for or returning from a location or locations outside
4 the United States without regard to previous or subsequent
5 domestic stopovers.

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

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

24 (14) Until July 1, 2003, oil field exploration, drilling,
25 and production equipment, including (i) rigs and parts of
26 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)

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

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

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

24 (17) Until July 1, 2003, distillation machinery and
25 equipment, sold as a unit or kit, assembled or installed by the
26 retailer, certified by the user to be used only for the

1 production of ethyl alcohol that will be used for consumption
2 as motor fuel or as a component of motor fuel for the personal
3 use of the user, and not subject to sale or resale.

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

1 2017, the exemption provided by this paragraph (18) includes,
2 but is not limited to, graphic arts machinery and equipment,
3 as defined in paragraph (6) of this Section.

4 (19) Personal property delivered to a purchaser or
5 purchaser's donee inside Illinois when the purchase order for
6 that personal property was received by a florist located
7 outside Illinois who has a florist located inside Illinois
8 deliver the personal property.

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

11 (21) 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 (21) is exempt from the
17 provisions of Section 3-90, and the exemption provided for
18 under this item (21) 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 for such taxes paid during the period
21 beginning May 30, 2000 and ending on January 1, 2008.

22 (22) Computers and communications equipment utilized for
23 any hospital purpose and equipment used in the diagnosis,
24 analysis, or treatment of hospital patients purchased by a
25 lessor who leases the equipment, under a lease of one year or
26 longer executed or in effect at the time the lessor would

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

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

1 non-exempt manner, the lessor shall be liable for the tax
2 imposed under this Act or the Service Use Tax Act, as the case
3 may be, based on the fair market value of the property at the
4 time the non-qualifying 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 Service Use Tax Act, as the case may be, if the tax
8 has not been paid by the lessor. If a lessor improperly
9 collects any such amount from the lessee, the lessee shall
10 have a legal right to claim a refund of that amount from the
11 lessor. If, however, that amount is not refunded to the lessee
12 for any reason, the lessor is liable to pay that amount to the
13 Department.

14 (24) 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 donated
17 for disaster relief to be used in a State or federally declared
18 disaster area in Illinois or bordering Illinois by a
19 manufacturer or retailer that is registered in this State to a
20 corporation, society, association, foundation, or institution
21 that has been issued a sales tax exemption identification
22 number by the Department that assists victims of the disaster
23 who reside within the declared disaster area.

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

1 the performance of infrastructure repairs in this State,
2 including, but not limited to, municipal roads and streets,
3 access roads, bridges, sidewalks, waste disposal systems,
4 water and sewer line extensions, water distribution and
5 purification facilities, storm water drainage and retention
6 facilities, and sewage treatment facilities, resulting from a
7 State or federally declared disaster in Illinois or bordering
8 Illinois when such repairs are initiated on facilities located
9 in the declared disaster area within 6 months after the
10 disaster.

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

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

1 intensity with the course of study presented in tax-supported
2 schools, and vocational or technical schools or institutes
3 organized and operated exclusively to provide a course of
4 study of not less than 6 weeks duration and designed to prepare
5 individuals to follow a trade or to pursue a manual,
6 technical, mechanical, industrial, business, or commercial
7 occupation.

8 (28) Beginning January 1, 2000, personal property,
9 including food, purchased through fundraising events for the
10 benefit of a public or private elementary or secondary school,
11 a group of those schools, or one or more school districts if
12 the events are sponsored by an entity recognized by the school
13 district that consists primarily of volunteers and includes
14 parents and teachers of the school children. This paragraph
15 does not apply to fundraising events (i) for the benefit of
16 private home instruction or (ii) for which the fundraising
17 entity purchases the personal property sold at the events from
18 another individual or entity that sold the property for the
19 purpose of resale by the fundraising entity and that profits
20 from the sale to the fundraising entity. This paragraph is
21 exempt from the provisions of Section 3-90.

22 (29) Beginning January 1, 2000 and through December 31,
23 2001, new or used automatic vending machines that prepare and
24 serve hot food and beverages, including coffee, soup, and
25 other items, and replacement parts for these machines.
26 Beginning January 1, 2002 and through June 30, 2003, machines

1 and parts for machines used in commercial, coin-operated
2 amusement and vending business if a use or occupation tax is
3 paid on the gross receipts derived from the use of the
4 commercial, coin-operated amusement and vending machines. This
5 paragraph is exempt from the provisions of Section 3-90.

6 (30) Beginning January 1, 2001 and through June 30, 2016,
7 food for human consumption that is to be consumed off the
8 premises where it is sold (other than alcoholic beverages,
9 soft drinks, and food that has been prepared for immediate
10 consumption) and prescription and nonprescription medicines,
11 drugs, medical appliances, and insulin, urine testing
12 materials, syringes, and needles used by diabetics, for human
13 use, when purchased for use by a person receiving medical
14 assistance under Article V of the Illinois Public Aid Code who
15 resides in a licensed long-term care facility, as defined in
16 the Nursing Home Care Act, or in a licensed facility as defined
17 in the ID/DD Community Care Act, the MC/DD Act, or the
18 Specialized Mental Health Rehabilitation Act of 2013.

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

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

1 any other nonexempt manner, the lessor shall be liable for the
2 tax imposed under this Act or the Service Use Tax Act, as the
3 case may be, based on the fair market value of the property at
4 the time the nonqualifying use occurs. No lessor shall collect
5 or attempt to collect an amount (however designated) that
6 purports to reimburse that lessor for the tax imposed by this
7 Act or the Service Use Tax Act, as the case may be, if the tax
8 has not been paid by the lessor. If a lessor improperly
9 collects any such amount from the lessee, the lessee shall
10 have a legal right to claim a refund of that amount from the
11 lessor. If, however, that amount is not refunded to the lessee
12 for any reason, the lessor is liable to pay that amount to the
13 Department. This paragraph is exempt from the provisions of
14 Section 3-90.

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

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

8 (34) Beginning January 1, 2008, tangible personal property
9 used in the construction or maintenance of a community water
10 supply, as defined under Section 3.145 of the Environmental
11 Protection Act, that is operated by a not-for-profit
12 corporation that holds a valid water supply permit issued
13 under Title IV of the Environmental Protection Act. This
14 paragraph is exempt from the provisions of Section 3-90.

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

25 The exemption does not include aircraft operated by a
26 commercial air carrier providing scheduled passenger air

1 service pursuant to authority issued under Part 121 or Part
2 129 of the Federal Aviation Regulations. The changes made to
3 this paragraph (35) by Public Act 98-534 are declarative of
4 existing law. It is the intent of the General Assembly that the
5 exemption under this paragraph (35) applies continuously from
6 January 1, 2010 through December 31, 2024; however, no claim
7 for credit or refund is allowed for taxes paid as a result of
8 the disallowance of this exemption on or after January 1, 2015
9 and prior to February 5, 2020 (the effective date of Public Act
10 101-629).

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

26 (37) Beginning January 1, 2017 and through December 31,

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

2 (38) Merchandise that is subject to the Rental Purchase
3 Agreement Occupation and Use Tax. The purchaser must certify
4 that the item is purchased to be rented subject to a
5 rental-purchase agreement, as defined in the Rental-Purchase
6 Agreement Act, and provide proof of registration under the
7 Rental Purchase Agreement Occupation and Use Tax Act. This
8 paragraph is exempt from the provisions of Section 3-90.

9 (39) Tangible personal property purchased by a purchaser
10 who is exempt from the tax imposed by this Act by operation of
11 federal law. This paragraph is exempt from the provisions of
12 Section 3-90.

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

1 The Department of Commerce and Economic Opportunity shall
2 grant a certificate of exemption under this item (40) to
3 qualified data centers as defined by Section 605-1025 of the
4 Department of Commerce and Economic Opportunity Law of the
5 Civil Administrative Code of Illinois.

6 For the purposes of this item (40):

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

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

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

12 This item (40) is exempt from the provisions of Section
13 3-90.

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

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

25 "Breast pump collection and storage supplies" means
26 items of tangible personal property designed or marketed

1 to be used in conjunction with a breast pump to collect
2 milk expressed from a human breast and to store collected
3 milk until it is ready for consumption.

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

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

23 "Breast pump kit" means a kit that: (1) contains no
24 more than a breast pump, breast pump collection and
25 storage supplies, a rechargeable battery for operating the
26 breast pump, a breastmilk cooler, bottle stands, ice

1 packs, and a breast pump carrying case; and (2) is
2 pre-packaged as a breast pump kit by the breast pump
3 manufacturer or distributor.

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

8 (43) Beginning on January 1, 2024, tangible personal
9 property purchased by an active duty member of the armed
10 forces of the United States who presents valid military
11 identification and purchases the property using a form of
12 payment where the federal government is the payor. The member
13 of the armed forces must complete, at the point of sale, a form
14 prescribed by the Department of Revenue documenting that the
15 transaction is eligible for the exemption under this
16 paragraph. Retailers must keep the form as documentation of
17 the exemption in their records for a period of not less than 6
18 years. "Armed forces of the United States" means the United
19 States Army, Navy, Air Force, Space Force, Marine Corps, or
20 Coast Guard. This paragraph is exempt from the provisions of
21 Section 3-90.

22 (44) Beginning July 1, 2024, home-delivered meals provided
23 to Medicare or Medicaid recipients when payment is made by an
24 intermediary, such as a Medicare Administrative Contractor, a
25 Managed Care Organization, or a Medicare Advantage
26 Organization, pursuant to a government contract. This item

1 (44) is exempt from the provisions of Section 3-90.

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

9 (46) Use by the lessee of the following leased tangible
10 personal property:

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

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

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

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

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

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

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

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

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

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

20 (47) Tangible personal property to be incorporated into
21 the construction of a single-family home in the State by a home
22 builder who has been issued a certificate of exemption by the
23 Illinois Housing Development Authority under Section 33.1 of
24 the Illinois Housing Development Act. This item (47) is exempt
25 from the provisions of Section 3-90.

26 (Source: P.A. 103-9, Article 5, Section 5-5, eff. 6-7-23;

1 103-9, Article 15, Section 15-5, eff. 6-7-23; 103-154, eff.
2 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
3 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
4 103-781, eff. 8-5-24; 104-417, eff. 8-15-25.)

5 Section 20. The Service Use Tax Act is amended by changing
6 Section 3-5 as follows:

7 (35 ILCS 110/3-5)

8 Sec. 3-5. Exemptions. Use 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 non-profit Illinois
18 county fair association for use in conducting, operating, or
19 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
24 is organized and operated primarily for the presentation or

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

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

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

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

4 (7) Farm machinery and equipment, both new and used,
5 including that manufactured on special order, certified by the
6 purchaser to be used primarily for production agriculture or
7 State or federal agricultural programs, including individual
8 replacement parts for the machinery and equipment, including
9 machinery and equipment purchased for lease, and including
10 implements of husbandry defined in Section 1-130 of the
11 Illinois Vehicle Code, farm machinery and agricultural
12 chemical and fertilizer spreaders, and nurse wagons required
13 to be registered under Section 3-809 of the Illinois Vehicle
14 Code, but excluding other motor vehicles required to be
15 registered under the Illinois Vehicle Code. Horticultural
16 polyhouses or hoop houses used for propagating, growing, or
17 overwintering plants shall be considered farm machinery and
18 equipment under this item (7). Agricultural chemical tender
19 tanks and dry boxes shall include units sold separately from a
20 motor vehicle required to be licensed and units sold mounted
21 on a motor vehicle required to be licensed if the selling price
22 of the tender is separately 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 not
26 limited to, tractors, harvesters, sprayers, planters, seeders,

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

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

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

15 This item (7) is exempt from the provisions of Section
16 3-75.

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

24 Beginning July 1, 2013, fuel and petroleum products sold
25 to or used by an air carrier, certified by the carrier to be
26 used for consumption, shipment, or storage in the conduct of

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

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

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

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

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

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

20 (14) Horses, or interests in horses, registered with and
21 meeting the requirements of any of the Arabian Horse Club
22 Registry of America, Appaloosa Horse Club, American Quarter
23 Horse Association, United States Trotting Association, or
24 Jockey Club, as appropriate, used for purposes of breeding or
25 racing for prizes. This item (14) is exempt from the
26 provisions of Section 3-75, and the exemption provided for

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

7 (15) Computers and communications equipment utilized for
8 any hospital purpose and equipment used in the diagnosis,
9 analysis, or treatment of hospital patients purchased by a
10 lessor who leases the equipment, under a lease of one year or
11 longer executed or in effect at the time the lessor would
12 otherwise be subject to the tax imposed by this Act, to a
13 hospital that has been issued an active tax exemption
14 identification number by the Department under Section 1g of
15 the Retailers' Occupation Tax Act. If the equipment is leased
16 in a manner that does not qualify for this exemption or is used
17 in any other non-exempt manner, the lessor shall be liable for
18 the tax imposed under this Act or the 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 Use Tax Act, as the case may be, if the tax has not
24 been paid by the lessor. If a lessor improperly collects any
25 such amount from the lessee, the lessee shall have a legal
26 right to claim a refund of that amount from the lessor. If,

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

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

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

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

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

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

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

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

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

1 entity purchases the personal property sold at the events from
2 another individual or entity that sold the property for the
3 purpose of resale by the fundraising entity and that profits
4 from the sale to the fundraising entity. This paragraph is
5 exempt from the provisions of Section 3-75.

6 (22) Beginning January 1, 2000 and through December 31,
7 2001, new or used automatic vending machines that prepare and
8 serve hot food and beverages, including coffee, soup, and
9 other items, and replacement parts for these machines.
10 Beginning January 1, 2002 and through June 30, 2003, machines
11 and parts for machines used in commercial, coin-operated
12 amusement and vending business if a use or occupation tax is
13 paid on the gross receipts derived from the use of the
14 commercial, coin-operated amusement and vending machines. This
15 paragraph is exempt from the provisions of Section 3-75.

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

1 in the ID/DD Community Care Act, the MC/DD Act, or the
2 Specialized Mental Health Rehabilitation Act of 2013.

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

1 Section 3-75.

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

24 (26) 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 3-75.

5 (27) 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 transferred incident to the
24 modification, refurbishment, completion, replacement, repair,
25 or maintenance of aircraft by persons who (i) hold an Air
26 Agency Certificate and are empowered to operate an approved

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

16 The exemption does not include aircraft operated by a
17 commercial air carrier providing scheduled passenger air
18 service pursuant to authority issued under Part 121 or Part
19 129 of the Federal Aviation Regulations. The changes made to
20 this paragraph (27) by Public Act 98-534 are declarative of
21 existing law. It is the intent of the General Assembly that the
22 exemption under this paragraph (27) applies continuously from
23 January 1, 2010 through December 31, 2024; however, no claim
24 for credit or refund is allowed for taxes paid as a result of
25 the disallowance of this exemption on or after January 1, 2015
26 and prior to February 5, 2020 (the effective date of Public Act

1 101-629).

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

17 (29) Beginning January 1, 2017 and through December 31,
18 2026, menstrual pads, tampons, and menstrual cups.

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

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

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

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

16 For the purposes of this item (31):

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

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

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

22 This item (31) is exempt from the provisions of Section
23 3-75.

24 (32) Beginning July 1, 2022, breast pumps, breast pump
25 collection and storage supplies, and breast pump kits. This
26 item (32) is exempt from the provisions of Section 3-75. As

1 used in this item (32):

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

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

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

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

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

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

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

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

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

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

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

23 (37) Beginning on January 1, 2026, as further defined in
24 Section 3-10, food for human consumption that is to be
25 consumed off the premises where it is sold (other than
26 alcoholic beverages, food consisting of or infused with adult

1 use cannabis, soft drinks, candy, and food that has been
2 prepared for immediate consumption). This item (37) is exempt
3 from the provisions of Section 3-75.

4 (38) Use by a lessee of the following leased tangible
5 personal property:

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

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

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

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

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

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

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

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

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

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

15 (39) Tangible personal property to be incorporated into
16 the construction of a single-family home in the State by a home
17 builder who has been issued a certificate of exemption by the
18 Illinois Housing Development Authority under Section 33.1 of
19 the Illinois Housing Development Act. This item (39) is exempt
20 from the provisions of Section 3-75.

21 (Source: P.A. 103-9, Article 5, Section 5-10, eff. 6-7-23;
22 103-9, Article 15, Section 15-10, eff. 6-7-23; 103-154, eff.
23 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
24 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
25 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-417, eff.
26 8-15-25.)

1 Section 25. The Service Occupation Tax Act is amended by
2 changing Section 3-5 as follows:

3 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

26 (7) Farm machinery and equipment, both new and used,

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

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

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

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

11 This item (7) is exempt from the provisions of Section
12 3-55.

13 (8) Until June 30, 2013, fuel and petroleum products sold
14 to or used by an air common 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 flight
17 destined for or returning from a location or locations outside
18 the United States without regard to previous or subsequent
19 domestic stopovers.

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

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

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

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

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

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

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

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

1 (15) 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 (15) is exempt from the
7 provisions of Section 3-55, and the exemption provided for
8 under this item (15) 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 (the effective date of Public Act 95-88) for
11 such taxes paid during the period beginning May 30, 2000 and
12 ending on January 1, 2008 (the effective date of Public Act
13 95-88).

14 (16) Computers and communications equipment utilized for
15 any hospital purpose and equipment used in the diagnosis,
16 analysis, or treatment of hospital patients sold to a lessor
17 who leases 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 of
21 the Retailers' Occupation Tax Act.

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

1 Occupation Tax Act.

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

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

25 (20) Beginning July 1, 1999, game or game birds sold at a
26 "game breeding and hunting preserve area" as that term is used

1 in the Wildlife Code. This paragraph is exempt from the
2 provisions of Section 3-55.

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

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

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

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

20 (24) Beginning on August 2, 2001 (the effective date of
21 Public Act 92-227), computers and communications equipment
22 utilized for any hospital purpose and equipment used in the
23 diagnosis, analysis, or treatment of hospital patients sold to
24 a lessor who leases the equipment, under a lease of one year or
25 longer executed or in effect at the time of the purchase, 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. This paragraph is exempt
3 from the provisions of Section 3-55.

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

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

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

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

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

1 hall. This exemption includes existing public-facilities
2 corporations as provided in Section 11-65-25 of the Illinois
3 Municipal Code. This paragraph is exempt from the provisions
4 of Section 3-55.

5 (29) 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 transfer of
23 qualifying tangible personal property incident to the
24 modification, refurbishment, completion, replacement, repair,
25 or maintenance of an aircraft by persons who (i) hold an Air
26 Agency Certificate and are empowered to operate an approved

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

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

1 effective date of Public Act 101-629).

2 (30) Beginning January 1, 2017 and through December 31,
3 2026, menstrual pads, tampons, and menstrual cups.

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

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

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

26 For the purposes of this item (32):

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

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

1 incorporated into the qualifying data center. To document
2 the exemption allowed under this Section, the retailer
3 must obtain from the purchaser a copy of the certificate
4 of eligibility issued by the Department of Commerce and
5 Economic Opportunity.

6 This item (32) is exempt from the provisions of Section
7 3-55.

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

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

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

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

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

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

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

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

1 Section 3-55.

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

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

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

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

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

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

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

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

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

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

1 agree" does not comply with this requirement;

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

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

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

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

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

25 (40) Tangible personal property to be incorporated into
26 the construction of a single-family home in the State by a home

1 builder who has been issued a certificate of exemption by the
2 Illinois Housing Development Authority under Section 33.1 of
3 the Illinois Housing Development Act. This item (40) is exempt
4 from the provisions of Section 3-55.

5 (Source: P.A. 103-9, Article 5, Section 5-15, eff. 6-7-23;
6 103-9, Article 15, Section 15-15, 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 30. The Retailers' Occupation Tax Act is amended
12 by changing Section 2-5 as follows:

13 (35 ILCS 120/2-5)

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

18 (1) Farm chemicals.

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

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

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

24 Farm machinery and equipment also includes computers,
25 sensors, software, and related equipment used primarily in
26 the computer-assisted operation of production agriculture

1 facilities, equipment, and activities such as, but not
2 limited to, the collection, monitoring, and correlation of
3 animal and crop data for the purpose of formulating animal
4 diets and agricultural chemicals.

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

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

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

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

1 graphic arts machinery and equipment is included in the
2 manufacturing and assembling machinery and equipment
3 exemption under paragraph (14).

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

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

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

14 (8) Personal property sold to an Illinois county fair
15 association for use in conducting, operating, or promoting
16 the county fair.

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

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

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

13 (11) Except as otherwise provided in this Section,
14 personal property sold to a governmental body, to a
15 corporation, society, association, foundation, or
16 institution organized and operated exclusively for
17 charitable, religious, or educational purposes, or to a
18 not-for-profit corporation, society, association,
19 foundation, institution, or organization that has no
20 compensated officers or employees and that is organized
21 and operated primarily for the recreation of persons 55
22 years of age or older. A limited liability company may
23 qualify for the exemption under this paragraph only if the
24 limited liability company is organized and operated
25 exclusively for educational purposes. On and after July 1,
26 1987, however, no entity otherwise eligible for this

1 exemption shall make tax-free purchases unless it has an
2 active identification number issued by the Department.

3 (12) (Blank).

4 (12-5) On and after July 1, 2003 and through June 30,
5 2004, motor vehicles of the second division with a gross
6 vehicle weight in excess of 8,000 pounds that are subject
7 to the commercial distribution fee imposed under Section
8 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
9 2004 and through June 30, 2005, the use in this State of
10 motor vehicles of the second division: (i) with a gross
11 vehicle weight rating in excess of 8,000 pounds; (ii) that
12 are subject to the commercial distribution fee imposed
13 under Section 3-815.1 of the Illinois Vehicle Code; and
14 (iii) that are primarily used for commercial purposes.
15 Through June 30, 2005, this exemption applies to repair
16 and replacement parts added after the initial purchase of
17 such a motor vehicle if that motor vehicle is used in a
18 manner that would qualify for the rolling stock exemption
19 otherwise provided for in this Act. For purposes of this
20 paragraph, "used for commercial purposes" means the
21 transportation of persons or property in furtherance of
22 any commercial or industrial enterprise whether for-hire
23 or not.

24 (13) Proceeds from sales to owners or lessors,
25 lessees, or shippers of tangible personal property that is
26 utilized by interstate carriers for hire for use as

1 rolling stock moving in interstate commerce and equipment
2 operated by a telecommunications provider, licensed as a
3 common carrier by the Federal Communications Commission,
4 which is permanently installed in or affixed to aircraft
5 moving in interstate commerce.

6 (14) Machinery and equipment that will be used by the
7 purchaser, or a lessee of the purchaser, primarily in the
8 process of manufacturing or assembling tangible personal
9 property for wholesale or retail sale or lease, whether
10 the sale or lease is made directly by the manufacturer or
11 by some other person, whether the materials used in the
12 process are owned by the manufacturer or some other
13 person, or whether the sale or lease is made apart from or
14 as an incident to the seller's engaging in the service
15 occupation of producing machines, tools, dies, jigs,
16 patterns, gauges, or other similar items of no commercial
17 value on special order for a particular purchaser. The
18 exemption provided by this paragraph (14) does not include
19 machinery and equipment used in (i) the generation of
20 electricity for wholesale or retail sale; (ii) the
21 generation or treatment of natural or artificial gas for
22 wholesale or retail sale that is delivered to customers
23 through pipes, pipelines, or mains; or (iii) the treatment
24 of water for wholesale or retail sale that is delivered to
25 customers through pipes, pipelines, or mains. The
26 provisions of Public Act 98-583 are declaratory of

1 existing law as to the meaning and scope of this
2 exemption. Beginning on July 1, 2017, the exemption
3 provided by this paragraph (14) includes, but is not
4 limited to, graphic arts machinery and equipment, as
5 defined in paragraph (4) of this Section.

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

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

18 (17) Tangible personal property sold to a common
19 carrier by rail or motor that receives the physical
20 possession of the property in Illinois and that transports
21 the property, or shares with another common carrier in the
22 transportation of the property, out of Illinois on a
23 standard uniform bill of lading showing the seller of the
24 property as the shipper or consignor of the property to a
25 destination outside Illinois, for use outside Illinois.

26 (18) Legal tender, currency, medallions, or gold or

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

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

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

20 (21) Until July 1, 2028, coal and aggregate
21 exploration, mining, off-highway hauling, processing,
22 maintenance, and reclamation equipment, including
23 replacement parts and equipment, and including equipment
24 purchased for lease, but excluding motor vehicles required
25 to be registered under the Illinois Vehicle Code. The
26 changes made to this Section by Public Act 97-767 apply on

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

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

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

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

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

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

20 (25-5) The exemption under item (25) does not apply if
21 the state in which the motor vehicle will be titled does
22 not allow a reciprocal exemption for a motor vehicle sold
23 and delivered in that state to an Illinois resident but
24 titled in Illinois. The tax collected under this Act on
25 the sale of a motor vehicle in this State to a resident of
26 another state that does not allow a reciprocal exemption

1 shall be imposed at a rate equal to the state's rate of tax
2 on taxable property in the state in which the purchaser is
3 a resident, except that the tax shall not exceed the tax
4 that would otherwise be imposed under this Act. At the
5 time of the sale, the purchaser shall execute a statement,
6 signed under penalty of perjury, of his or her intent to
7 title the vehicle in the state in which the purchaser is a
8 resident within 30 days after the sale and of the fact of
9 the payment to the State of Illinois of tax in an amount
10 equivalent to the state's rate of tax on taxable property
11 in his or her state of residence and shall submit the
12 statement to the appropriate tax collection agency in his
13 or her state of residence. In addition, the retailer must
14 retain a signed copy of the statement in his or her
15 records. Nothing in this item shall be construed to
16 require the removal of the vehicle from this state
17 following the filing of an intent to title the vehicle in
18 the purchaser's state of residence if the purchaser titles
19 the vehicle in his or her state of residence within 30 days
20 after the date of sale. The tax collected under this Act in
21 accordance with this item (25-5) shall be proportionately
22 distributed as if the tax were collected at the 6.25%
23 general rate imposed under this Act.

24 (25-6) There is a rebuttable presumption that the
25 exemption under item (25) does not apply if the purchaser
26 is a limited liability company and a member of the limited

1 liability company is a resident of Illinois. This
2 presumption may be rebutted by other evidence, such as
3 evidence the motor vehicle is insured at a garaging or
4 storage address outside Illinois or other evidence of the
5 physical address at which the motor vehicle will be
6 permanently stored or garaged outside Illinois.

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

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

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

20 (3) the seller retains in his or her books and
21 records and provides to the Department a signed and
22 dated certification from the purchaser, on a form
23 prescribed by the Department, certifying that the
24 requirements of this item (25-7) are met. The
25 certificate must also include the name and address of
26 the purchaser, the address of the location where the

1 aircraft is to be titled or registered, the address of
2 the primary physical location of the aircraft, and
3 other information that the Department may reasonably
4 require.

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

6 "Based in this State" means hangared, stored, or
7 otherwise used, excluding post-sale customizations as
8 defined in this Section, for 10 or more days in each
9 12-month period immediately following the date of the sale
10 of the aircraft.

11 "Registered in this State" means an aircraft
12 registered with the Department of Transportation,
13 Aeronautics Division, or titled or registered with the
14 Federal Aviation Administration to an address located in
15 this State.

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

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

20 (27) Horses, or interests in horses, registered with
21 and meeting the requirements of any of the Arabian Horse
22 Club Registry of America, Appaloosa Horse Club, American
23 Quarter Horse Association, United States Trotting
24 Association, or Jockey Club, as appropriate, used for
25 purposes of breeding or racing for prizes. This item (27)
26 is exempt from the provisions of Section 2-70, and the

1 exemption provided for under this item (27) applies for
2 all periods beginning May 30, 1995, but no claim for
3 credit or refund is allowed on or after January 1, 2008
4 (the effective date of Public Act 95-88) for such taxes
5 paid during the period beginning May 30, 2000 and ending
6 on January 1, 2008 (the effective date of Public Act
7 95-88).

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

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

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

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

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

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

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

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

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

1 instruction or (ii) for which the fundraising entity
2 purchases the personal property sold at the events from
3 another individual or entity that sold the property for
4 the purpose of resale by the fundraising entity and that
5 profits from the sale to the fundraising entity. This
6 paragraph is exempt from the provisions of Section 2-70.

7 (35) Beginning January 1, 2000 and through December
8 31, 2001, new or used automatic vending machines that
9 prepare and serve hot food and beverages, including
10 coffee, soup, and other items, and replacement parts for
11 these machines. Beginning January 1, 2002 and through June
12 30, 2003, machines and parts for machines used in
13 commercial, coin-operated amusement and vending business
14 if a use or occupation tax is paid on the gross receipts
15 derived from the use of the commercial, coin-operated
16 amusement and vending machines. This paragraph is exempt
17 from the provisions of Section 2-70.

18 (35-5) Beginning August 23, 2001 and through June 30,
19 2016, food for human consumption that is to be consumed
20 off the premises where it is sold (other than alcoholic
21 beverages, soft drinks, and food that has been prepared
22 for immediate consumption) and prescription and
23 nonprescription medicines, drugs, medical appliances, and
24 insulin, urine testing materials, syringes, and needles
25 used by diabetics, for human use, when purchased for use
26 by a person receiving medical assistance under Article V

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

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

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

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

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

21 (39) Beginning January 1, 2008, tangible personal
22 property used in the construction or maintenance of a
23 community water supply, as defined under Section 3.145 of
24 the Environmental Protection Act, that is operated by a
25 not-for-profit corporation that holds a valid water supply
26 permit issued under Title IV of the Environmental

1 Protection Act. This paragraph is exempt from the
2 provisions of Section 2-70.

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

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

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

20 The changes made to this paragraph (40) by Public Act
21 98-534 are declarative of existing law. It is the intent
22 of the General Assembly that the exemption under this
23 paragraph (40) applies continuously from January 1, 2010
24 through December 31, 2024; however, no claim for credit or
25 refund is allowed for taxes paid as a result of the
26 disallowance of this exemption on or after January 1, 2015

1 and prior to February 5, 2020 (the effective date of
2 Public Act 101-629).

3 (41) Tangible personal property sold to a
4 public-facilities corporation, as described in Section
5 11-65-10 of the Illinois Municipal Code, for purposes of
6 constructing or furnishing a municipal convention hall,
7 but only if the legal title to the municipal convention
8 hall is transferred to the municipality without any
9 further consideration by or on behalf of the municipality
10 at the time of the completion of the municipal convention
11 hall or upon the retirement or redemption of any bonds or
12 other debt instruments issued by the public-facilities
13 corporation in connection with the development of the
14 municipal convention hall. This exemption includes
15 existing public-facilities corporations as provided in
16 Section 11-65-25 of the Illinois Municipal Code. This
17 paragraph is exempt from the provisions of Section 2-70.

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

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

1 the provisions of Section 2-70.

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

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

23 For the purposes of this item (44):

24 "Data center" means a building or a series of
25 buildings rehabilitated or constructed to house
26 working servers in one physical location or multiple

1 sites within the State of Illinois.

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

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

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

6 (45) Beginning January 1, 2020 and through December
7 31, 2020, sales of tangible personal property made by a
8 marketplace seller over a marketplace for which tax is due
9 under this Act but for which use tax has been collected and
10 remitted to the Department by a marketplace facilitator
11 under Section 2d of the Use Tax Act are exempt from tax
12 under this Act. A marketplace seller claiming this
13 exemption shall maintain books and records demonstrating
14 that the use tax on such sales has been collected and
15 remitted by a marketplace facilitator. Marketplace sellers
16 that have properly remitted tax under this Act on such
17 sales may file a claim for credit as provided in Section 6
18 of this Act. No claim is allowed, however, for such taxes
19 for which a credit or refund has been issued to the
20 marketplace facilitator under the Use Tax Act, or for
21 which the marketplace facilitator has filed a claim for
22 credit or refund under the Use Tax Act.

23 (46) Beginning July 1, 2022, breast pumps, breast pump
24 collection and storage supplies, and breast pump kits.
25 This item (46) is exempt from the provisions of Section
26 2-70. As used in this item (46):

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

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

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

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

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

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

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

17 (48) Beginning on January 1, 2024, tangible personal
18 property purchased by an active duty member of the armed
19 forces of the United States who presents valid military
20 identification and purchases the property using a form of
21 payment where the federal government is the payor. The
22 member of the armed forces must complete, at the point of
23 sale, a form prescribed by the Department of Revenue
24 documenting that the transaction is eligible for the
25 exemption under this paragraph. Retailers must keep the
26 form as documentation of the exemption in their records

1 for a period of not less than 6 years. "Armed forces of the
2 United States" means the United States Army, Navy, Air
3 Force, Space Force, Marine Corps, or Coast Guard. This
4 paragraph is exempt from the provisions of Section 2-70.

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

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

19 (51) Gross receipts from the lease of the following
20 tangible personal property:

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

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

25 (i) an electronic agreement in which the
26 customer accepts the license by means of an

1 electronic signature that is verifiable and
2 can be authenticated and is attached to or
3 made part of the license will comply with this
4 requirement;

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

9 (B) it restricts the customer's duplication
10 and use of the software;

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

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

25 (E) the customer must destroy or return all
26 copies of the software to the licensor at the end

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

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

9 (51) Tangible personal property to be incorporated
10 into the construction of a single-family home in the State
11 by a home builder who has been issued a certificate of
12 exemption by the Illinois Housing Development Authority
13 under Section 33.1 of the Illinois Housing Development
14 Act. This item (51) is exempt from the provisions of
15 Section 2-70.

16 (Source: P.A. 103-9, Article 5, Section 5-20, eff. 6-7-23;
17 103-9, Article 15, Section 15-20, eff. 6-7-23; 103-154, eff.
18 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
19 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
20 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-6, eff.
21 6-16-25; 104-417, eff. 8-15-25.)