

SB3944



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3944

Introduced 2/6/2026, by Sen. Donald P. DeWitte

SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that, beginning on January 1, 2027, tangible personal property that is purchased for the improvement of residential or nonresidential real estate by the installation of a solar energy system that is primarily used to provide electricity to the premises is exempt from taxation under the Acts.

LRB104 19255 HLH 32701 b

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

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

17 (7) Farm chemicals.

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

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

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

1 Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 For the purposes of this item (40):

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

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

1 Economic Opportunity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (47) Beginning on January 1, 2027, tangible personal
11 property that is purchased for the improvement of residential
12 or nonresidential real estate by the installation of a solar
13 energy system that is primarily used to provide electricity to
14 the premises. This paragraph (47) applies to tangible personal
15 property that becomes a necessary part of the integrated solar
16 energy system, even if some of the tangible personal property
17 is not affixed to the real estate. For the purposes of this
18 paragraph (47), a solar energy system is considered to be
19 primarily used to provide electricity to the premises if the
20 solar energy system is used to offset the electricity load of
21 the end user, and the additional kilowatt-hours produced by
22 the system is not estimated to exceed by more than 110% the
23 kilowatt-hours of electricity consumed by the end user of
24 electricity at the meter in the last 12 full months before the
25 system is placed in service.

26 To qualify for the exemption under this paragraph (47),

1 the purchaser must complete, at the point of sale, a form
2 prescribed by the Department documenting that the transaction
3 is eligible for the exemption under this paragraph. The
4 purchaser must keep the form as documentation of the exemption
5 in the purchaser's records for a period of not less than 6
6 years. This paragraph is exempt from the provisions of Section
7 3-90.

8 As used in this paragraph (47):

9 "Solar energy system" means a complete assembly,
10 mechanism, or structure that uses solar energy for generating
11 electricity by means of photovoltaics. A solar energy system
12 consists of an integration of several components, including
13 solar panels to absorb and convert sunlight into electricity,
14 a solar inverter to convert the output from direct to
15 alternating current, as well as mounting, cabling, and other
16 electrical accessories to set up a working system and the
17 necessary components, if any, of supplemental conventional
18 energy systems designed or constructed to interface with a
19 solar energy system.

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

25 Section 10. The Service Use Tax Act is amended by changing

1 Section 3-5 as follows:

2 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

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

24 (7) Farm machinery and equipment, both new and used,
25 including that manufactured on special order, certified by the
26 purchaser to be used primarily for production agriculture or

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

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

25 Farm machinery and equipment also includes computers,
26 sensors, software, and related equipment used primarily in the

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

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

9 This item (7) is exempt from the provisions of Section
10 3-75.

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

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

1 that aircraft.

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

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

21 (11) Proceeds from the sale of photoprocessing machinery
22 and equipment, including repair and replacement parts, both
23 new and used, including that manufactured on special order,
24 certified by the purchaser to be used primarily for
25 photoprocessing, and including photoprocessing machinery and
26 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) Semen used for artificial insemination of livestock
13 for direct agricultural production.

14 (14) Horses, or interests in horses, registered with and
15 meeting the requirements of any of the Arabian Horse Club
16 Registry of America, Appaloosa Horse Club, American Quarter
17 Horse Association, United States Trotting Association, or
18 Jockey Club, as appropriate, used for purposes of breeding or
19 racing for prizes. This item (14) is exempt from the
20 provisions of Section 3-75, and the exemption provided for
21 under this item (14) applies for all periods beginning May 30,
22 1995, but no claim for credit or refund is allowed on or after
23 January 1, 2008 (the effective date of Public Act 95-88) for
24 such taxes paid during the period beginning May 30, 2000 and
25 ending on January 1, 2008 (the effective date of Public Act
26 95-88).

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

24 (16) Personal property purchased by a lessor who leases
25 the property, under a lease of one year or longer executed or
26 in effect at the time the lessor would otherwise be subject to

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

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

1 who reside within the declared disaster area.

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

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

19 (20) A motor vehicle, as that term is defined in Section
20 1-146 of the Illinois Vehicle Code, that is donated to a
21 corporation, limited liability company, society, association,
22 foundation, or institution that is determined by the
23 Department to be organized and operated exclusively for
24 educational purposes. For purposes of this exemption, "a
25 corporation, limited liability company, society, association,
26 foundation, or institution organized and operated exclusively

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

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

26 (22) Beginning January 1, 2000 and through December 31,

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

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

23 (24) Beginning on August 2, 2001 (the effective date of
24 Public Act 92-227), computers and communications equipment
25 utilized for any hospital purpose and equipment used in the
26 diagnosis, analysis, or treatment of hospital patients

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

22 (25) Beginning on August 2, 2001 (the effective date of
23 Public Act 92-227), personal property purchased by a lessor
24 who leases the property, under a lease of one year or longer
25 executed or in effect at the time the lessor would otherwise be
26 subject to the tax imposed by this Act, to a governmental body

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

18 (26) Beginning January 1, 2008, tangible personal property
19 used in the construction or maintenance of a community water
20 supply, as defined under Section 3.145 of the Environmental
21 Protection Act, that is operated by a not-for-profit
22 corporation that holds a valid water supply permit issued
23 under Title IV of the Environmental Protection Act. This
24 paragraph is exempt from the provisions of Section 3-75.

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

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

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

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

10 The exemption does not include aircraft operated by a
11 commercial air carrier providing scheduled passenger air
12 service pursuant to authority issued under Part 121 or Part
13 129 of the Federal Aviation Regulations. The changes made to
14 this paragraph (27) by Public Act 98-534 are declarative of
15 existing law. It is the intent of the General Assembly that the
16 exemption under this paragraph (27) applies continuously from
17 January 1, 2010 through December 31, 2024; however, no claim
18 for credit or refund is allowed for taxes paid as a result of
19 the disallowance of this exemption on or after January 1, 2015
20 and prior to February 5, 2020 (the effective date of Public Act
21 101-629).

22 (28) Tangible personal property purchased by a
23 public-facilities corporation, as described in Section
24 11-65-10 of the Illinois Municipal Code, for purposes of
25 constructing or furnishing a municipal convention hall, but
26 only if the legal title to the municipal convention hall is

1 transferred to the municipality without any further
2 consideration by or on behalf of the municipality at the time
3 of the completion of the municipal convention hall or upon the
4 retirement or redemption of any bonds or other debt
5 instruments issued by the public-facilities corporation in
6 connection with the development of the municipal convention
7 hall. This exemption includes existing public-facilities
8 corporations as provided in Section 11-65-25 of the Illinois
9 Municipal Code. This paragraph is exempt from the provisions
10 of Section 3-75.

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

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

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

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

5 The Department of Commerce and Economic Opportunity shall
6 grant a certificate of exemption under this item (31) to
7 qualified data centers as defined by Section 605-1025 of the
8 Department of Commerce and Economic Opportunity Law of the
9 Civil Administrative Code of Illinois.

10 For the purposes of this item (31):

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

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

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

16 This item (31) is exempt from the provisions of Section
17 3-75.

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

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

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

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

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

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

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

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

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

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

1 to Medicare or Medicaid recipients when payment is made by an
2 intermediary, such as a Medicare Administrative Contractor, a
3 Managed Care Organization, or a Medicare Advantage
4 Organization, pursuant to a government contract. This
5 paragraph (35) is exempt from the provisions of Section 3-75.

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

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

24 (38) Use by a lessee of the following leased tangible
25 personal property:

26 (1) software transferred subject to a license that

1 meets the following requirements:

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

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

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

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

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

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

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

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

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

9 (39) Beginning on January 1, 2027, tangible personal
10 property that is purchased for the improvement of residential
11 or nonresidential real estate by the installation of a solar
12 energy system that is primarily used to provide electricity to
13 the premises. This paragraph (39) applies to tangible personal
14 property that becomes a necessary part of the integrated solar
15 energy system, even if some of the tangible personal property
16 is not affixed to the real estate. For the purposes of this
17 paragraph (39), a solar energy system is considered to be
18 primarily used to provide electricity to the premises if the
19 solar energy system is used to offset the electricity load of
20 the end user, and the additional kilowatt-hours produced by
21 the system is not estimated to exceed by more than 110% the
22 kilowatt-hours of electricity consumed by the end user of
23 electricity at the meter in the last 12 full months before the
24 system is placed in service.

25 To qualify for the exemption under this paragraph (39),
26 the purchaser must complete, at the point of sale, a form

1 prescribed by the Department documenting that the transaction
2 is eligible for the exemption under this paragraph. The
3 purchaser must keep the form as documentation of the exemption
4 in the purchaser's records for a period of not less than 6
5 years. This paragraph is exempt from the provisions of Section
6 3-75.

7 As used in this paragraph (39):

8 "Solar energy system" means a complete assembly,
9 mechanism, or structure that uses solar energy for generating
10 electricity by means of photovoltaics. A solar energy system
11 consists of an integration of several components, including
12 solar panels to absorb and convert sunlight into electricity,
13 a solar inverter to convert the output from direct to
14 alternating current, as well as mounting, cabling, and other
15 electrical accessories to set up a working system and the
16 necessary components, if any, of supplemental conventional
17 energy systems designed or constructed to interface with a
18 solar energy system.

19 (Source: P.A. 103-9, Article 5, Section 5-10, eff. 6-7-23;
20 103-9, Article 15, Section 15-10, eff. 6-7-23; 103-154, eff.
21 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
22 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
23 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-417, eff.
24 8-15-25.)

25 Section 15. The Service Occupation Tax Act is amended by

1 changing Section 3-5 as follows:

2 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

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

24 (7) Farm machinery and equipment, both new and used,
25 including that manufactured on special order, certified by the
26 purchaser to be used primarily for production agriculture or

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

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

25 Farm machinery and equipment also includes computers,
26 sensors, software, and related equipment used primarily in the

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

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

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

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

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

1 that aircraft.

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

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

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

25 (12) Until July 1, 2028, coal and aggregate exploration,
26 mining, off-highway hauling, processing, maintenance, and

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

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

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

25 (15) Horses, or interests in horses, registered with and
26 meeting the requirements of any of the Arabian Horse Club

1 Registry of America, Appaloosa Horse Club, American Quarter
2 Horse Association, United States Trotting Association, or
3 Jockey Club, as appropriate, used for purposes of breeding or
4 racing for prizes. This item (15) is exempt from the
5 provisions of Section 3-55, and the exemption provided for
6 under this item (15) applies for all periods beginning May 30,
7 1995, but no claim for credit or refund is allowed on or after
8 January 1, 2008 (the effective date of Public Act 95-88) for
9 such taxes paid during the period beginning May 30, 2000 and
10 ending on January 1, 2008 (the effective date of Public Act
11 95-88).

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

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

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

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

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

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

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

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

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

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

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

1 from the provisions of Section 3-55.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 For the purposes of this item (32):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Rehabilitation Act of 2013, or the Child Care Act of 1969 or by
2 an entity that holds a permit issued pursuant to the Life Care
3 Facilities Act. This item (37) is exempt from the provisions
4 of Section 3-55.

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

12 (39) The lease of the following tangible personal
13 property:

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

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

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

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

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

1 use of the software;

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

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

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

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

23 (40) Beginning on January 1, 2027, tangible personal
24 property that is purchased for the improvement of residential
25 or nonresidential real estate by the installation of a solar
26 energy system that is primarily used to provide electricity to

1 the premises. This paragraph (40) applies to tangible personal
2 property that becomes a necessary part of the integrated solar
3 energy system, even if some of the tangible personal property
4 is not affixed to the real estate. For the purposes of this
5 paragraph (40), a solar energy system is considered to be
6 primarily used to provide electricity to the premises if the
7 solar energy system is used to offset the electricity load of
8 the end user, and the additional kilowatt-hours produced by
9 the system is not estimated to exceed by more than 110% the
10 kilowatt-hours of electricity consumed by the end user of
11 electricity at the meter in the last 12 full months before the
12 system is placed in service.

13 To qualify for the exemption under this paragraph (40),
14 the serviceman must complete, at the point of sale, a form
15 prescribed by the Department documenting that the transaction
16 is eligible for the exemption under this paragraph. The
17 serviceman must keep the form as documentation of the
18 exemption in the serviceman's records for a period of not less
19 than 6 years. This paragraph is exempt from the provisions of
20 Section 3-55.

21 As used in this paragraph (40):

22 "Solar energy system" means a complete assembly,
23 mechanism, or structure that uses solar energy for generating
24 electricity by means of photovoltaics. A solar energy system
25 consists of an integration of several components, including
26 solar panels to absorb and convert sunlight into electricity,

1 a solar inverter to convert the output from direct to
2 alternating current, as well as mounting, cabling, and other
3 electrical accessories to set up a working system and the
4 necessary components, if any, of supplemental conventional
5 energy systems designed or constructed to interface with a
6 solar energy system.

7 (Source: P.A. 103-9, Article 5, Section 5-15, eff. 6-7-23;
8 103-9, Article 15, Section 15-15, eff. 6-7-23; 103-154, eff.
9 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
10 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
11 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-417, eff.
12 8-15-25.)

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

15 (35 ILCS 120/2-5)

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

20 (1) Farm chemicals.

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

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

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

26 Farm machinery and equipment also includes computers,

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

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

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

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

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

1 acting as catalysts effect a direct and immediate change
2 upon a graphic arts product. Beginning on July 1, 2017,
3 graphic arts machinery and equipment is included in the
4 manufacturing and assembling machinery and equipment
5 exemption under paragraph (14).

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

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

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

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

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

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

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

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

1 exclusively for educational purposes. On and after July 1,
2 1987, however, no entity otherwise eligible for this
3 exemption shall make tax-free purchases unless it has an
4 active identification number issued by the Department.

5 (12) (Blank).

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

26 (13) Proceeds from sales to owners or lessors,

1 lessees, or shippers of tangible personal property that is
2 utilized by interstate carriers for hire for use as
3 rolling stock moving in interstate commerce and equipment
4 operated by a telecommunications provider, licensed as a
5 common carrier by the Federal Communications Commission,
6 which is permanently installed in or affixed to aircraft
7 moving in interstate commerce.

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

1 customers through pipes, pipelines, or mains. The
2 provisions of Public Act 98-583 are declaratory of
3 existing law as to the meaning and scope of this
4 exemption. Beginning on July 1, 2017, the exemption
5 provided by this paragraph (14) includes, but is not
6 limited to, graphic arts machinery and equipment, as
7 defined in paragraph (4) of this Section.

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

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

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

1 destination outside Illinois, for use outside Illinois.

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

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

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

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

1 to be registered under the Illinois Vehicle Code. The
2 changes made to this Section by Public Act 97-767 apply on
3 and after July 1, 2003, but no claim for credit or refund
4 is allowed on or after August 16, 2013 (the effective date
5 of Public Act 98-456) for such taxes paid during the
6 period beginning July 1, 2003 and ending on August 16,
7 2013 (the effective date of Public Act 98-456).

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

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

25 (23) A transaction in which the purchase order is
26 received by a florist who is located outside Illinois, but

1 who has a florist located in Illinois deliver the property
2 to the purchaser or the purchaser's donee in Illinois.

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

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

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

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

26 (25-6) There is a rebuttable presumption that the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (33) A motor vehicle, as that term is defined in

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

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

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

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

20 (35-5) Beginning August 23, 2001 and through June 30,
21 2016, food for human consumption that is to be consumed
22 off the premises where it is sold (other than alcoholic
23 beverages, soft drinks, and food that has been prepared
24 for immediate consumption) and prescription and
25 nonprescription medicines, drugs, medical appliances, and
26 insulin, urine testing materials, syringes, and needles

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

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

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

25 (38) Beginning on January 1, 2002 and through June 30,
26 2016, tangible personal property purchased from an

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

23 (39) Beginning January 1, 2008, tangible personal
24 property used in the construction or maintenance of a
25 community water supply, as defined under Section 3.145 of
26 the Environmental Protection Act, that is operated by a

1 not-for-profit corporation that holds a valid water supply
2 permit issued under Title IV of the Environmental
3 Protection Act. This paragraph is exempt from the
4 provisions of Section 2-70.

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

22 Beginning January 1, 2010 and continuing through
23 December 31, 2023, this exemption applies only to the sale
24 of qualifying tangible personal property to persons who
25 modify, refurbish, complete, replace, or maintain an
26 aircraft and who (i) hold an Air Agency Certificate and

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

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

1 refund is allowed for taxes paid as a result of the
2 disallowance of this exemption on or after January 1, 2015
3 and prior to February 5, 2020 (the effective date of
4 Public Act 101-629).

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

20 (42) Beginning January 1, 2017 and through December
21 31, 2026, menstrual pads, tampons, and menstrual cups.

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

1 registration under the Rental Purchase Agreement
2 Occupation and Use Tax Act. This paragraph is exempt from
3 the provisions of Section 2-70.

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

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

25 For the purposes of this item (44):

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

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

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

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

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

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

25 (46) Beginning July 1, 2022, breast pumps, breast pump
26 collection and storage supplies, and breast pump kits.

1 This item (46) is exempt from the provisions of Section
2 2-70. As used in this item (46):

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

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

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

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

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

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

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

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

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

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

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

21 (51) Gross receipts from the lease of the following
22 tangible personal property:

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

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

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

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

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

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

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

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

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

11 (52) Beginning on January 1, 2027, tangible personal
12 property that is purchased for the improvement of
13 residential or nonresidential real estate by the
14 installation of a solar energy system that is primarily
15 used to provide electricity to the premises. This
16 paragraph (52) applies to tangible personal property that
17 becomes a necessary part of the integrated solar energy
18 system, even if some of the tangible personal property is
19 not affixed to the real estate. For the purposes of this
20 paragraph (52), a solar energy system is considered to be
21 primarily used to provide electricity to the premises if
22 the solar energy system is used to offset the electricity
23 load of the end user, and the additional kilowatt-hours
24 produced by the system is not estimated to exceed by more
25 than 110% the kilowatt-hours of electricity consumed by
26 the end user of electricity at the meter in the last 12

1 full months before the system is placed in service.

2 To qualify for the exemption under this paragraph
3 (52), the retailer must complete, at the point of sale, a
4 form prescribed by the Department documenting that the
5 transaction is eligible for the exemption under this
6 paragraph. The retailer must keep the form as
7 documentation of the exemption in the retailer's records
8 for a period of not less than 6 years. This paragraph is
9 exempt from the provisions of Section 2-70.

10 As used in this paragraph (52):

11 "Solar energy system" means a complete assembly,
12 mechanism, or structure that uses solar energy for
13 generating electricity by means of photovoltaics. A solar
14 energy system consists of an integration of several
15 components, including solar panels to absorb and convert
16 sunlight into electricity, a solar inverter to convert the
17 output from direct to alternating current, as well as
18 mounting, cabling, and other electrical accessories to set
19 up a working system and the necessary components, if any,
20 of supplemental conventional energy systems designed or
21 constructed to interface with a solar energy system.

22 (Source: P.A. 103-9, Article 5, Section 5-20, eff. 6-7-23;
23 103-9, Article 15, Section 15-20, eff. 6-7-23; 103-154, eff.
24 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
25 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
26 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-6, eff.

SB3944

- 106 -

LRB104 19255 HLH 32701 b

1 6-16-25; 104-417, eff. 8-15-25.)