



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB4020

Introduced 2/6/2026, by Sen. Bill Cunningham

SYNOPSIS AS INTRODUCED:

See Index

Creates the District Energy and Thermal Energy Storage Parity Act. Provides that the Illinois Commerce Commission, in consultation with Environmental Protection Agency, shall establish an optional certification process for Qualified District Energy Infrastructure. Requires the Environmental Protection Agency to establish a grant program to support certain projects. Provides that, within 180 days after the effective date of the Act, the Commission shall initiate a docketed proceeding to develop standardized thermal service agreement templates, suitable for developer financing and underwriting, and minimum requirements for customer rate stabilization options. Provides that a developer shall obtain a District Energy Feasibility Assessment from a qualified preparer for certain projects. Sets forth requirements for the content of the District Energy Feasibility Assessment. Amends the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois. Requires the Department to develop and make available to units of local government a municipal alignment toolkit to facilitate the development and expansion of district energy systems. Requires the Department to establish and administer a district energy expansion program to support the development expansion, modernization, and decarbonization of district energy systems in the State. Amends the Illinois Finance Authority Act. Provides that the Authority may provide loans, credit enhancements, interest rate buydowns, loan loss reserves, or other financial assistance for the development, construction, expansion, or operation of the Qualified Energy Infrastructure and Dispatchable Thermal Energy Storage. Amends the Illinois Power Agency Act. Creates the Thermal Energy Storage Credit procurement program. Sets forth requirements for the program. Amends the Illinois Procurement Code. Sets forth provisions concerning district energy evaluation in State procurements. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Makes changes in provisions concerning exemptions. Amends the Property Tax Code. Defines "commercial energy storage system". Amends the Public Utilities Act. Sets forth provisions concerning district energy enabling measures and heat recovery incentives. Makes other changes.

LRB104 19713 AAS 33163 b

A BILL FOR

1 AN ACT concerning regulation.

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

4 Section 1. Short title. This Act may be cited as the
5 District Energy and Thermal Energy Storage Parity Act.

6 Section 5. Findings. The General Assembly finds that:

7 (1) Building-sector heating and cooling modernization
8 is necessary to achieve Illinois' climate and air quality
9 objectives and to maintain economic competitiveness.

10 (2) District energy systems aggregate diverse thermal
11 loads and can be decarbonized over time, enabling
12 neighborhood-scale emissions reductions and improved
13 resiliency.

14 (3) Thermal energy storage shifts electric demand
15 associated with heating and cooling and can provide
16 measurable grid value via peak reduction, load shifting,
17 ramp mitigation, congestion relief, and avoided capacity
18 costs.

19 (4) Illinois communities have participated in the
20 National Building Performance Standards Coalition,
21 reflecting the growing need for building performance and
22 decarbonization policy pathways.

23 (5) District energy development supports a skilled

1 workforce and creates pathways for the transition of
2 skilled labor with experience in conventional energy
3 systems to union jobs building and operating modern
4 thermal infrastructure.

5 (6) Illinois has established programmatic structures
6 that can be extended to district energy and dispatchable
7 thermal energy storage to accelerate private investment
8 while protecting customers.

9 Section 6. Purpose. The purpose of this Act is to:

10 (1) enable district energy entities to expand service
11 territory and provide predictable, financeable
12 decarbonization pathways for buildings and certain
13 industrial sectors;

14 (2) require district energy due diligence for major
15 development, redevelopment, and State-led procurements to
16 normalize least-cost, least-risk thermal infrastructure
17 decisions; and

18 (3) establish parity for dispatchable thermal energy
19 storage within Illinois's energy storage procurement
20 process, recognizing thermal storage as a non-wires
21 alternative and grid-supporting resource.

22 Section 10. Definitions. As used in this Act:

23 "Certification" means a written determination issued by
24 the Commission or a designated State agency pursuant to this

1 Act and that requires that a project, facility, or item of
2 property meets the eligibility requirements of this Act,
3 including confirmation that: (i) the project constitutes
4 Qualified District Energy Infrastructure or Dispatchable
5 Thermal Energy Storage; (ii) the property for which benefits
6 are sought constitutes eligible property; (iii) required
7 measurement, verification, and reporting capabilities will be
8 installed and maintained as applicable; and (iv) the applicant
9 has satisfied any required labor, disclosure, and compliance
10 conditions. "Certification" includes any provisional, final,
11 amended, or renewed certification as provided by rule.

12 "Commission" means the Illinois Commerce Commission.

13 "Developer" includes an entity that proposes new
14 construction, redevelopment, large renovation, or adaptive
15 re-use.

16 "Dispatchable thermal energy storage" means thermal energy
17 storage technology, including ice thermal storage, chilled
18 water storage, hot water storage, steam storage, phase-change
19 materials, or other systems that can be controlled to
20 measurably reduce coincident electric peak demand or shift
21 electric load for heating or cooling and that can be verified
22 using interval data and auditable telemetry.

23 "District energy company" means any private person,
24 company, association, partnership, joint venture, or
25 corporation that owns and operates a district energy system in
26 the State. "District energy company" does not include any gas

1 company, electrical company, or public utility district that
2 owns, controls, operates, or manages a district energy
3 network.

4 "District energy system" means a system that produces hot
5 water, steam, or chilled water at one or more central plants
6 and distributes thermal energy through distribution piping to
7 serve multiple buildings, campuses, or facilities, including
8 associated energy transfer stations, metering, controls,
9 thermal storage, and heat recovery equipment.

10 "Eligible property" means machinery, equipment, materials,
11 and components, including associated control, communications,
12 metering, and data acquisition systems, that are purchased for
13 incorporation into, or used primarily and directly in the
14 construction, installation, or operation of Qualified District
15 Energy Infrastructure or Dispatchable Thermal Energy Storage,
16 including central plant equipment, distribution piping and
17 appurtenances, energy transfer stations and interconnection
18 equipment, heat recovery equipment, thermal storage tanks or
19 vessels and associated heat exchangers, pumps, valves,
20 insulation, instrumentation, and supervisory control and data
21 acquisition systems. "Eligible property" does not include
22 general-purpose building interior HVAC equipment that is not
23 required for, or primarily dedicated to, district energy
24 interconnection or dispatchable thermal storage operation and
25 does not include property used primarily for administrative,
26 office, or non-energy purposes.

1 "Energy transfer station" means the equipment and controls
2 located at an off-taker facility that connects the off-taker's
3 internal systems to a district energy system.

4 "Qualified district energy infrastructure" includes
5 district energy plants, distribution mains, lateral
6 connections, piping, energy transfer stations, heat recovery
7 systems, controls or Supervisory Control and Data Acquisition,
8 and dispatchable thermal energy storage that meet program
9 eligibility requirements under this Act.

10 "Qualified District Energy Feasibility Assessor" or
11 "QDEFA" means a district energy operator, a licensed
12 engineering firm, or a full-wrap engineering, procurement, and
13 construction firm authorized to practice in this State and
14 approved pursuant to Commission rules to prepare District
15 Energy Feasibility Assessments, including requirements for an
16 Illinois-licensed professional engineer in responsible charge,
17 demonstrated district energy experience, minimum technical
18 competency categories, professional liability insurance, and
19 conflict-of-interest disclosure.

20 "Virtual power plant" or "VPP" means an aggregation of
21 distributed energy resources, flexible electric loads, or
22 demand-side resources, coordinated through monitoring,
23 communications, and control systems to provide one or more
24 grid services, such as peak demand reduction, load shifting,
25 capacity, energy, ancillary services, or congestion relief,
26 either through participation in a utility program or through

1 participation in wholesale or retail markets, including
2 through an aggregator of retail customers where authorized
3 pursuant to Section 16-107.9 of the Public Utilities Act.

4 Section 15. District energy fast-track permitting and
5 siting.

6 (a) The Commission, in consultation with Environmental
7 Protection Agency, shall establish an optional certification
8 process for Qualified District Energy Infrastructure.

9 (b) A certified project shall be eligible for standardized
10 environmental review and a coordinated State agency review,
11 with expedited review timelines for permit and authorizations,
12 when applicable and within the State's jurisdiction.

13 (c) Nothing in this Section preempts local land use
14 authority; however, State agencies shall prioritize certified
15 projects in State permitting queues.

16 Section 20. Connection cost support.

17 (a) The Environmental Protection Agency shall establish a
18 grant program to support:

19 (1) energy transfer stations and building-side
20 interties;

21 (2) heat recovery enabling equipment, such as heat
22 exchangers, thermal storage, processing equipment, and
23 controls;

24 (3) dispatchable thermal energy storage that is

1 integrated with connection or new plant construction; and
2 (4) electric interconnection costs for
3 electrification-enabling equipment, such as heat pumps,
4 where applicable.

5 (b) Priority for the grants shall be given to projects
6 demonstrating:

7 (1) verified peak demand reduction or load shifting
8 capability using dispatchable thermal energy storage;

9 (2) heat recovery or sharing that reduces net
10 combustible fuel consumption, improves coefficient of
11 performance (COP), or reduces electric peak requirements;
12 and

13 (3) mitigation of CO₂ emissions, either through
14 physical decarbonization, emissions-free energy
15 certificates (EFECs), renewable energy credits (RECs), or
16 enrollment as a virtual power plant.

17 Section 25. Standardized thermal service contracts and
18 rate stabilization; exemptions.

19 (a) Within 180 days after the effective date of this Act,
20 the Commission shall initiate a docketed proceeding to develop
21 standardized thermal service agreement templates, suitable for
22 developer financing and underwriting, and minimum requirements
23 for customer rate stabilization options that include indexed
24 pricing, collar mechanisms, and pass-through limitations.

25 (b) For projects participating in State incentives under

1 this Act, the Commission may approve project-specific tariffs,
2 riders, rebates, and incentives and may establish minimum
3 required rate structure elements that are applicable
4 statewide.

5 (c) The Commission may approve a rate structure only if
6 projected end-user costs are less than projected
7 counterfactual costs, absent participation, as determined
8 using Commission-approved methods.

9 (d) District energy companies operating prior to January
10 1, 2026 are exempt from Commission regulation.

11 Section 30. Coordination with existing energy providers;
12 vendor eligibility. Notwithstanding any provision of law, a
13 district energy company or a full-wrap engineering,
14 procurement, or construction firm with demonstrated expertise
15 in district energy systems may respond to solicitations
16 subject to Section 20-60 of the Illinois Procurement Code,
17 either directly or as part of a development team.

18 Section 35. Municipal technical assistance program.

19 (a) The Department may provide technical assistance to
20 units of local government that elect to engage with a
21 municipal alignment toolkit under Section 605-106 of the
22 Department of Commerce and Economic Opportunity Law of the
23 Civil Administrative Code of Illinois.

24 (b) Technical assistance under this Section may include:

1 (1) review of proposed district energy franchise or
2 right-of-way provisions;

3 (2) guidance on integrating district energy projects
4 into local sustainability, climate, or economic
5 development plans; and

6 (3) facilitation of coordination between local
7 government units, district energy companies, utilities,
8 and State agencies.

9 (c) The Department may prioritize technical assistance for
10 projects that demonstrate potential emission reductions,
11 electric peak demand reduction, or service to critical
12 infrastructure or environmental justice communities.

13 Section 40. Home rule. Nothing in this Act or Section
14 605-1015 of the Department of Commerce and Economic
15 Opportunity Law of the Civil Administrative Code of Illinois
16 limits, restricts, or preempts the authority of a home rule
17 unit to regulate land use, public rights-of-way, franchising,
18 or municipal permitting.

19 Section 45. District Energy Feasibility Assessment
20 requirement.

21 (a) A developer shall obtain a District Energy Feasibility
22 Assessment from a qualified preparer for any of the following:

23 (1) a new single-building permit for greater than or
24 equal to 100,000 square feet;

1 (2) a new multi-building campus permit for great than
2 or equal to 500,000 square feet; or

3 (3) a major renovation or adaptive re-use of
4 commercial, hospitality, entertainment, health care, or
5 residential space of greater than or equal to 100,000
6 square feet or greater than or equal to 50 dwelling units
7 or any use requiring more than 200 tons of cooling.

8 (b) The District Energy Feasibility Assessment shall
9 include:

10 (1) for single use buildings, including new
11 construction or renovation, an engineering estimate of
12 capital expenses and 25-year operating costs for
13 connection to an existing district energy system, where
14 available;

15 (2) for multiple building campuses, including new
16 construction or renovation, an engineering estimate of
17 capital expenses and 25-year operating costs for either
18 (i) connection to an existing district energy system,
19 where available, or (ii) construction of a new district
20 energy system, where feasible;

21 (3) a comparison against the proposed HVAC approach
22 using Commission-approved cost-effectiveness methods; and

23 (4) an identification of dispatchable thermal energy
24 storage applications, heat recovery opportunities and
25 associated peak reduction impacts, and heat-sharing
26 opportunities and associated greenhouse gas emissions

1 reductions, where applicable.

2 (c) A District Energy Feasibility Assessment required
3 under this Section shall be prepared by either (i) a district
4 energy company or (ii) a Qualified District Energy Feasibility
5 Assessor (QDEFA).

6 (1) A QDEFA shall designate a professional engineer
7 licensed in this State in responsible charge of the
8 Assessment, who shall sign and seal the Assessment and
9 attest that it was prepared in accordance with
10 Commission-approved standards and professional
11 engineering practices.

12 (2) The qualification standards shall require a QDEFA
13 to demonstrate district energy expertise sufficient to
14 produce a technically sound and financeable Assessment,
15 including demonstrated capability in central plant and
16 distribution system concepts, multi-building
17 interconnections and energy transfer stations, thermal
18 metering and controls, a lifecycle cost estimation, and an
19 identification of thermal energy storage and heat recovery
20 opportunities.

21 (3) The qualification standards shall include minimum
22 professional liability insurance requirements appropriate
23 to the scale of projects subject to this Section.

24 (4) A QDEFA shall disclose any material financial
25 interest, vendor affiliation, or other conflict of
26 interest that could reasonably be expected to influence

1 the Assessment's conclusions and shall comply with any
2 Commission-approved requirements for independence,
3 transparency, and auditability of assumptions.

4 (5) A QDEFA that prepares a District Energy
5 Feasibility Assessment under this Section may subsequently
6 submit a proposal to provide design, engineering,
7 procurement, construction, commissioning, or other
8 implementation services for the same project if all
9 material conflicts are disclosed and an independent peer
10 review is obtained, if required by the permitting
11 authority.

12 (6) The Commission, in consultation with the
13 Department of Commerce and Economic Opportunity, and other
14 relevant State agencies, may adopt rules establishing
15 qualification standards, minimum competency requirements,
16 and a voluntary prequalification list for Qualified
17 District Energy Feasibility Assessors.

18 Section 50. Qualified providers. For purposes of this Act,
19 a District Energy Feasibility Assessment may be prepared by:

20 (1) a district energy company; or

21 (2) a Qualified District Energy Feasibility Assessor.

22 A district energy company or a full-wrap engineering,
23 procurement, and construction firm with demonstrated expertise
24 in district energy systems may participate in a solicitation
25 subject to Section 20-65 of the Illinois Procurement Code,

1 either directly or as a member of the development team.

2 Section 55. Energy storage parity across State programs.
3 Notwithstanding any other provision of law, any State agency
4 administering a program, procurement, or incentive applicable
5 to energy storage systems shall treat dispatchable thermal
6 energy storage as eligible, on comparable terms, to the extent
7 that the dispatchable thermal energy storage meets applicable
8 measurement verification and performance requirements.

9 Section 60. Construction. Nothing in this Act:

10 (1) requires an electric utility or gas utility to
11 treat dispatchable thermal energy storage as a generation
12 resource;

13 (2) alters retail choice, interconnection cost
14 responsibility, or cost allocation principles; or

15 (3) limits the Commission's authority to establish
16 reasonable performance, measurement, and verification
17 requirements.

18 Section 65. Financing parity for dispatchable thermal
19 energy storage. Notwithstanding any other provision of law,
20 dispatchable thermal energy storage that meets applicable
21 measurement, verification, and performance requirements shall
22 be treated as an eligible grid-supporting asset for the
23 purposes of any State-administered low-cost debt program,

1 credit enhancement, loan guarantee, or other financing
2 assistance applicable to energy storage systems or grid
3 support infrastructure.

4 Section 70. Labor standards. As a condition of receiving
5 financial assistance under this Act, a project shall comply
6 with applicable State labor standards. A project applicant is
7 required to:

8 (1) pay prevailing wages in accordance with the
9 Prevailing Wage Act;

10 (2) certify that the applicant is a party to a fully
11 executed project labor agreement;

12 (3) certify that the applicant is a party to a fully
13 executed labor peace agreement; and

14 (4) comply with all applicable apprenticeship, safety,
15 and workforce reporting requirements.

16 Section 75. Reporting and transparency.

17 (a) During the development or construction phase of a
18 project receiving assistance under this Act, a recipient shall
19 submit reports on a quarterly basis, unless otherwise
20 permitted by the Commission, as applicable:

21 (1) project milestones and construction status;

22 (2) capital expenditures and cost categories; and

23 (3) workforce utilization and labor compliance.

24 (b) During the operational or delivery phase of a project

1 receiving assistance under this Act, a recipient shall submit
2 reports on an annual basis, unless otherwise required by the
3 Commission, including, as applicable:

4 (1) verified performance metrics, including greenhouse
5 gas reductions, coincident electric peak demand
6 reductions, coincident electric peak demand reduction, and
7 electric load shifting, where applicable;

8 (2) measurement and verification results;

9 (3) operational status and availability; and

10 (4) other information necessary to administer the
11 program.

12 Section 80. Rulemaking. The Commission, the Illinois Power
13 Agency, the Illinois Finance Authority, and the Department of
14 Commerce and Economic Opportunity shall adopt rules or
15 establish procurement guidelines or program requirements, as
16 applicable, to implement and administer provisions of this
17 Act.

18 Section 85. The Department of Commerce and Economic
19 Opportunity Law of the Civil Administrative Code of Illinois
20 is amended by adding Sections 6-1011, 605-106, and 605-1006
21 and as follows:

22 (20 ILCS 605/6-1011 new)

23 Sec. 6-1011. District energy expansion program.

1 (a) The Department shall establish and administer a
2 district energy expansion program to support the development
3 expansion, modernization, and decarbonization of district
4 energy systems in the State.

5 (b) Subject to appropriation, the program may provide:

6 (1) competitive construction grants for district
7 energy plant construction or capacity expansion,
8 distribution system expansion, plant efficiency
9 improvements, and plant decarbonization upgrades; and

10 (2) performance-based incentives under this Section
11 may be awarded based on one or more of the following
12 verified metrics:

13 (A) greenhouse gas emission reductions;

14 (B) reductions in electric peak demand or verified
15 electric load shifting;

16 (C) deployment of dispatchable thermal energy
17 storage;

18 (D) verified heat recovery or heat sharing between
19 buildings; and

20 (E) customer reliability and resilience
21 improvements.

22 (c) The Department may establish application requirements,
23 evaluation criteria, incentive structures, and performance
24 verification by rule.

25 (d) The Department may provide for priority scoring for
26 projects that:

1 (1) benefit environmental justice communities, as
2 defined in Section 801-10 of the Illinois Finance
3 Authority Act;

4 (2) serve critical infrastructure, including
5 hospitals, public safety facilities, transit facilities
6 and public housing;

7 (3) demonstrate compliance with Minority Business
8 Enterprise and Women's Business Enterprise participation
9 goals; or

10 (4) create or maintain high quality jobs in
11 historically underserved communities, as defined in the
12 Environmental Protection Agency's Priority Climate Action
13 Plan.

14 (20 ILCS 605/605-106 new)

15 Sec. 605-106. District energy municipal alignment and
16 technical assistance.

17 (a) The Department shall develop and make available to
18 units of local government a municipal alignment toolkit to
19 facilitate the development and expansion of district energy
20 systems.

21 (b) The toolkit may include model provisions, guidance,
22 and best practices related to:

23 (1) municipal franchise agreements applicable to
24 district energy systems;

25 (2) use of public rights-of-way for district energy

1 distribution infrastructure;

2 (3) standardized permitting, inspection, restoration,
3 and as-built documentation requirements; and

4 (4) coordination of district energy projects with
5 municipal capital improvement planning

6 (20 ILCS 605/605-1006 new)

7 Sec. 605-1006. District energy anchor load identification.

8 (a) The Department shall identify and maintain a list of
9 State-owned or State-controlled facilities suitable for use as
10 anchor loads for district energy systems, including, but not
11 limited to, campuses, hospitals, universities, correctional
12 facilities, industrial parks, transportation hubs, and
13 multi-building State complexes with an aggregate gross floor
14 area exceeding 300,000 square feet.

15 (b) In identifying facilities under this Section, the
16 Department shall consider:

17 (1) thermal load density and load diversity;

18 (2) proximity to existing or planned district energy
19 infrastructure;

20 (3) opportunities for emissions reduction, peak demand
21 reduction, and resilience; and

22 (4) coordination with units of local government and
23 economic development initiatives.

24 (c) The Department may coordinate with other State
25 agencies, public universities, and authorities to evaluate the

1 feasibility of using identified facilities as anchor tenants
2 for district energy systems.

3 (d) The Department shall prepare a report of its findings
4 pursuant to this Section for the General Assembly by no later
5 than January 1, 2028.

6 Section 90. The Illinois Finance Authority Act is amended
7 by changing Section 801-40 as follows:

8 (20 ILCS 3501/801-40)

9 Sec. 801-40. In addition to the powers otherwise
10 authorized by law and in addition to the foregoing general
11 corporate powers, the Authority shall also have the following
12 additional specific powers to be exercised in furtherance of
13 the purposes of this Act.

14 (a) The Authority shall have power (i) to accept grants,
15 loans or appropriations from the federal government or the
16 State, or any agency or instrumentality thereof, or, in the
17 case of clean energy projects, any not-for-profit
18 philanthropic or other charitable organization, public or
19 private, to be used for the operating expenses of the
20 Authority, or for any purposes of the Authority, including the
21 making of direct loans of such funds with respect to projects,
22 and (ii) to enter into any agreement with the federal
23 government or the State, or any agency or instrumentality
24 thereof, in relationship to such grants, loans or

1 appropriations.

2 (b) The Authority shall have power to procure and enter
3 into contracts for any type of insurance and indemnity
4 agreements covering loss or damage to property from any cause,
5 including loss of use and occupancy, or covering any other
6 insurable risk.

7 (c) The Authority shall have the continuing power to issue
8 bonds for its corporate purposes. Bonds may be issued by the
9 Authority in one or more series and may provide for the payment
10 of any interest deemed necessary on such bonds, of the costs of
11 issuance of such bonds, of any premium on any insurance, or of
12 the cost of any guarantees, letters of credit or other similar
13 documents, may provide for the funding of the reserves deemed
14 necessary in connection with such bonds, and may provide for
15 the refunding or advance refunding of any bonds or for
16 accounts deemed necessary in connection with any purpose of
17 the Authority. The bonds may bear interest payable at any time
18 or times and at any rate or rates, notwithstanding any other
19 provision of law to the contrary, and such rate or rates may be
20 established by an index or formula which may be implemented or
21 established by persons appointed or retained therefor by the
22 Authority, or may bear no interest or may bear interest
23 payable at maturity or upon redemption prior to maturity, may
24 bear such date or dates, may be payable at such time or times
25 and at such place or places, may mature at any time or times
26 not later than 40 years from the date of issuance, may be sold

1 at public or private sale at such time or times and at such
2 price or prices, may be secured by such pledges, reserves,
3 guarantees, letters of credit, insurance contracts or other
4 similar credit support or liquidity instruments, may be
5 executed in such manner, may be subject to redemption prior to
6 maturity, may provide for the registration of the bonds, and
7 may be subject to such other terms and conditions all as may be
8 provided by the resolution or indenture authorizing the
9 issuance of such bonds. The holder or holders of any bonds
10 issued by the Authority may bring suits at law or proceedings
11 in equity to compel the performance and observance by any
12 person or by the Authority or any of its agents or employees of
13 any contract or covenant made with the holders of such bonds
14 and to compel such person or the Authority and any of its
15 agents or employees to perform any duties required to be
16 performed for the benefit of the holders of any such bonds by
17 the provision of the resolution authorizing their issuance,
18 and to enjoin such person or the Authority and any of its
19 agents or employees from taking any action in conflict with
20 any such contract or covenant. Notwithstanding the form and
21 tenor of any such bonds and in the absence of any express
22 recital on the face thereof that it is non-negotiable, all
23 such bonds shall be negotiable instruments. Pending the
24 preparation and execution of any such bonds, temporary bonds
25 may be issued as provided by the resolution. The bonds shall be
26 sold by the Authority in such manner as it shall determine. The

1 bonds may be secured as provided in the authorizing resolution
2 by the receipts, revenues, income and other available funds of
3 the Authority and by any amounts derived by the Authority from
4 the loan agreement or lease agreement with respect to the
5 project or projects; and bonds may be issued as general
6 obligations of the Authority payable from such revenues, funds
7 and obligations of the Authority as the bond resolution shall
8 provide, or may be issued as limited obligations with a claim
9 for payment solely from such revenues, funds and obligations
10 as the bond resolution shall provide. The Authority may grant
11 a specific pledge or assignment of and lien on or security
12 interest in such rights, revenues, income, or amounts and may
13 grant a specific pledge or assignment of and lien on or
14 security interest in any reserves, funds or accounts
15 established in the resolution authorizing the issuance of
16 bonds. Any such pledge, assignment, lien or security interest
17 for the benefit of the holders of the Authority's bonds shall
18 be valid and binding from the time the bonds are issued without
19 any physical delivery or further act, and shall be valid and
20 binding as against and prior to the claims of all other parties
21 having claims against the Authority or any other person
22 irrespective of whether the other parties have notice of the
23 pledge, assignment, lien or security interest. As evidence of
24 such pledge, assignment, lien and security interest, the
25 Authority may execute and deliver a mortgage, trust agreement,
26 indenture or security agreement or an assignment thereof. A

1 remedy for any breach or default of the terms of any such
2 agreement by the Authority may be by mandamus proceedings in
3 any court of competent jurisdiction to compel the performance
4 and compliance therewith, but the agreement may prescribe by
5 whom or on whose behalf such action may be instituted. It is
6 expressly understood that the Authority may, but need not,
7 acquire title to any project with respect to which it
8 exercises its authority.

9 (d) With respect to the powers granted by this Act, the
10 Authority may adopt rules and regulations prescribing the
11 procedures by which persons may apply for assistance under
12 this Act. Nothing herein shall be deemed to preclude the
13 Authority, prior to the filing of any formal application, from
14 conducting preliminary discussions and investigations with
15 respect to the subject matter of any prospective application.

16 (e) The Authority shall have power to acquire by purchase,
17 lease, gift or otherwise any property or rights therein from
18 any person useful for its purposes, whether improved for the
19 purposes of any prospective project, or unimproved. The
20 Authority may also accept any donation of funds for its
21 purposes from any such source. The Authority shall have no
22 independent power of condemnation but may acquire any property
23 or rights therein obtained upon condemnation by any other
24 authority, governmental entity or unit of local government
25 with such power.

26 (f) The Authority shall have power to develop, construct

1 and improve either under its own direction, or through
2 collaboration with any approved applicant, or to acquire
3 through purchase or otherwise, any project, using for such
4 purpose the proceeds derived from the sale of its bonds or from
5 governmental loans or grants, and to hold title in the name of
6 the Authority to such projects.

7 (g) The Authority shall have power to lease pursuant to a
8 lease agreement any project so developed and constructed or
9 acquired to the approved tenant on such terms and conditions
10 as may be appropriate to further the purposes of this Act and
11 to maintain the credit of the Authority. Any such lease may
12 provide for either the Authority or the approved tenant to
13 assume initially, in whole or in part, the costs of
14 maintenance, repair and improvements during the leasehold
15 period. In no case, however, shall the total rentals from any
16 project during any initial leasehold period or the total loan
17 repayments to be made pursuant to any loan agreement, be less
18 than an amount necessary to return over such lease or loan
19 period (1) all costs incurred in connection with the
20 development, construction, acquisition or improvement of the
21 project and for repair, maintenance and improvements thereto
22 during the period of the lease or loan; provided, however,
23 that the rentals or loan repayments need not include costs met
24 through the use of funds other than those obtained by the
25 Authority through the issuance of its bonds or governmental
26 loans; (2) a reasonable percentage additive to be agreed upon

1 by the Authority and the borrower or tenant to cover a properly
2 allocable portion of the Authority's general expenses,
3 including, but not limited to, administrative expenses,
4 salaries and general insurance, and (3) an amount sufficient
5 to pay when due all principal of, interest and premium, if any
6 on, any bonds issued by the Authority with respect to the
7 project. The portion of total rentals payable under clause (3)
8 of this subsection (g) shall be deposited in such special
9 accounts, including all sinking funds, acquisition or
10 construction funds, debt service and other funds as provided
11 by any resolution, mortgage or trust agreement of the
12 Authority pursuant to which any bond is issued.

13 (h) The Authority has the power, upon the termination of
14 any leasehold period of any project, to sell or lease for a
15 further term or terms such project on such terms and
16 conditions as the Authority shall deem reasonable and
17 consistent with the purposes of the Act. The net proceeds from
18 all such sales and the revenues or income from such leases
19 shall be used to satisfy any indebtedness of the Authority
20 with respect to such project and any balance may be used to pay
21 any expenses of the Authority or be used for the further
22 development, construction, acquisition or improvement of
23 projects. In the event any project is vacated by a tenant prior
24 to the termination of the initial leasehold period, the
25 Authority shall sell or lease the facilities of the project on
26 the most advantageous terms available. The net proceeds of any

1 such disposition shall be treated in the same manner as the
2 proceeds from sales or the revenues or income from leases
3 subsequent to the termination of any initial leasehold period.

4 (i) The Authority shall have the power to make loans, or to
5 purchase loan participations in loans made, to persons to
6 finance a project, to enter into loan agreements or agreements
7 with participating lenders with respect thereto, and to accept
8 guarantees from persons of its loans or the resultant
9 evidences of obligations of the Authority.

10 (j) The Authority may fix, determine, charge and collect
11 any premiums, fees, charges, costs and expenses, including,
12 without limitation, any application fees, commitment fees,
13 program fees, financing charges or publication fees from any
14 person in connection with its activities under this Act.

15 (k) In addition to the funds established as provided
16 herein, the Authority shall have the power to create and
17 establish such reserve funds and accounts as may be necessary
18 or desirable to accomplish its purposes under this Act and to
19 deposit its available monies into the funds and accounts.

20 (l) At the request of the governing body of any unit of
21 local government, the Authority is authorized to market such
22 local government's revenue bond offerings by preparing bond
23 issues for sale, advertising for sealed bids, receiving bids
24 at its offices, making the award to the bidder that offers the
25 most favorable terms or arranging for negotiated placements or
26 underwritings of such securities. The Authority may, at its

1 discretion, offer for concurrent sale the revenue bonds of
2 several local governments. Sales by the Authority of revenue
3 bonds under this Section shall in no way imply State guarantee
4 of such debt issue. The Authority may require such financial
5 information from participating local governments as it deems
6 necessary in order to carry out the purposes of this
7 subsection (1).

8 (m) The Authority may make grants to any county to which
9 Division 5-37 of the Counties Code is applicable to assist in
10 the financing of capital development, construction and
11 renovation of new or existing facilities for hospitals and
12 health care facilities under that Act. Such grants may only be
13 made from funds appropriated for such purposes from the Build
14 Illinois Bond Fund.

15 (n) The Authority may establish an urban development
16 action grant program for the purpose of assisting
17 municipalities in Illinois which are experiencing severe
18 economic distress to help stimulate economic development
19 activities needed to aid in economic recovery. The Authority
20 shall determine the types of activities and projects for which
21 the urban development action grants may be used, provided that
22 such projects and activities are broadly defined to include
23 all reasonable projects and activities the primary objectives
24 of which are the development of viable urban communities,
25 including decent housing and a suitable living environment,
26 and expansion of economic opportunity, principally for persons

1 of low and moderate incomes. The Authority shall enter into
2 grant agreements from monies appropriated for such purposes
3 from the Build Illinois Bond Fund. The Authority shall monitor
4 the use of the grants, and shall provide for audits of the
5 funds as well as recovery by the Authority of any funds
6 determined to have been spent in violation of this subsection
7 (n) or any rule or regulation promulgated hereunder. The
8 Authority shall provide technical assistance with regard to
9 the effective use of the urban development action grants. The
10 Authority shall file an annual report to the General Assembly
11 concerning the progress of the grant program.

12 (o) The Authority may establish a Housing Partnership
13 Program whereby the Authority provides zero-interest loans to
14 municipalities for the purpose of assisting in the financing
15 of projects for the rehabilitation of affordable multi-family
16 housing for low and moderate income residents. The Authority
17 may provide such loans only upon a municipality's providing
18 evidence that it has obtained private funding for the
19 rehabilitation project. The Authority shall provide 3 State
20 dollars for every 7 dollars obtained by the municipality from
21 sources other than the State of Illinois. The loans shall be
22 made from monies appropriated for such purpose from the Build
23 Illinois Bond Fund. The total amount of loans available under
24 the Housing Partnership Program shall not exceed \$30,000,000.
25 State loan monies under this subsection shall be used only for
26 the acquisition and rehabilitation of existing buildings

1 containing 4 or more dwelling units. The terms of any loan made
2 by the municipality under this subsection shall require
3 repayment of the loan to the municipality upon any sale or
4 other transfer of the project. In addition, the Authority may
5 use any moneys appropriated for such purpose from the Build
6 Illinois Bond Fund, including funds loaned under this
7 subsection and repaid as principal or interest, and investment
8 income on such funds, to make the loans authorized by
9 subsection (z), without regard to any restrictions or
10 limitations provided in this subsection.

11 (p) The Authority may award grants to universities and
12 research institutions, research consortiums and other
13 not-for-profit entities for the purposes of: remodeling or
14 otherwise physically altering existing laboratory or research
15 facilities, expansion or physical additions to existing
16 laboratory or research facilities, construction of new
17 laboratory or research facilities or acquisition of modern
18 equipment to support laboratory or research operations
19 provided that such grants (i) be used solely in support of
20 project and equipment acquisitions which enhance technology
21 transfer, and (ii) not constitute more than 60 percent of the
22 total project or acquisition cost.

23 (q) Grants may be awarded by the Authority to units of
24 local government for the purpose of developing the appropriate
25 infrastructure or defraying other costs to the local
26 government in support of laboratory or research facilities

1 provided that such grants may not exceed 40% of the cost to the
2 unit of local government.

3 (r) In addition to the powers granted to the Authority
4 under subsection (i), and in all cases supplemental to it, the
5 Authority may establish a direct loan program to make loans
6 to, or may purchase participations in loans made by
7 participating lenders to, individuals, partnerships,
8 corporations, or other business entities for the purpose of
9 financing an industrial project, as defined in Section 801-10
10 of this Act. For the purposes of such program and not by way of
11 limitation on any other program of the Authority, including,
12 without limitation, programs established under subsection (i),
13 the Authority shall have the power to issue bonds, notes, or
14 other evidences of indebtedness including commercial paper for
15 purposes of providing a fund of capital from which it may make
16 such loans. The Authority shall have the power to use any
17 appropriations from the State made especially for the
18 Authority's direct loan program, or moneys at any time held by
19 the Authority under this Act outside the State treasury in the
20 custody of either the Treasurer of the Authority or a trustee
21 or depository appointed by the Authority, for additional
22 capital to make such loans or purchase such loan
23 participations, or for the purposes of reserve funds or
24 pledged funds which secure the Authority's obligations of
25 repayment of any bond, note or other form of indebtedness
26 established for the purpose of providing capital for which it

1 intends to make such loans or purchase such loan
2 participations. For the purpose of obtaining such capital, the
3 Authority may also enter into agreements with financial
4 institutions, participating lenders, and other persons for the
5 purpose of administering a loan participation program, selling
6 loans or developing a secondary market for such loans or loan
7 participations. Loans made under the direct loan program
8 specifically established under this subsection (r), including
9 loans under such program made by participating lenders in
10 which the Authority purchases a participation, may be in an
11 amount not to exceed \$600,000 and shall be made for a portion
12 of an industrial project which does not exceed 50% of the total
13 project. No loan may be made by the Authority unless approved
14 by the affirmative vote of at least 8 members of the board. The
15 Authority shall establish procedures and publish rules which
16 shall provide for the submission, review, and analysis of each
17 direct loan and loan participation application and which shall
18 preserve the ability of each board member and the Executive
19 Director, as applicable, to reach an individual business
20 judgment regarding the propriety of each direct loan or loan
21 participation. The collective discretion of the board to
22 approve or disapprove each loan shall be unencumbered. The
23 Authority may establish and collect such fees and charges,
24 determine and enforce such terms and conditions, and charge
25 such interest rates as it determines to be necessary and
26 appropriate to the successful administration of the direct

1 loan program, including purchasing loan participations. The
2 Authority may require such interests in collateral and such
3 guarantees as it determines are necessary to protect the
4 Authority's interest in the repayment of the principal and
5 interest of each loan and loan participation made under the
6 direct loan program. The restrictions established under this
7 subsection (r) shall not be applicable to any loan or loan
8 participation made under subsection (i) or to any loan or loan
9 participation made under any other Section of this Act.

10 (s) The Authority may guarantee private loans to third
11 parties up to a specified dollar amount in order to promote
12 economic development in this State.

13 (t) The Authority may adopt rules and regulations as may
14 be necessary or advisable to implement the powers conferred by
15 this Act.

16 (u) The Authority shall have the power to issue bonds,
17 notes or other evidences of indebtedness, which may be used to
18 make loans to units of local government which are authorized
19 to enter into loan agreements and other documents and to issue
20 bonds, notes and other evidences of indebtedness for the
21 purpose of financing the protection of storm sewer outfalls,
22 the construction of adequate storm sewer outfalls, and the
23 provision for flood protection of sanitary sewage treatment
24 plans, in counties that have established a stormwater
25 management planning committee in accordance with Section
26 5-1062 of the Counties Code. Any such loan shall be made by the

1 Authority pursuant to the provisions of Section 820-5 to
2 820-60 of this Act. The unit of local government shall pay back
3 to the Authority the principal amount of the loan, plus annual
4 interest as determined by the Authority. The Authority shall
5 have the power, subject to appropriations by the General
6 Assembly, to subsidize or buy down a portion of the interest on
7 such loans, up to 4% per annum.

8 (v) The Authority may accept security interests as
9 provided in Sections 11-3 and 11-3.3 of the Illinois Public
10 Aid Code.

11 (w) Moral Obligation. In the event that the Authority
12 determines that monies of the Authority will not be sufficient
13 for the payment of the principal of and interest on its bonds
14 during the next State fiscal year, the Chairperson, as soon as
15 practicable, shall certify to the Governor the amount required
16 by the Authority to enable it to pay such principal of and
17 interest on the bonds. The Governor shall submit the amount so
18 certified to the General Assembly as soon as practicable, but
19 no later than the end of the current State fiscal year. This
20 subsection shall apply only to any bonds or notes as to which
21 the Authority shall have determined, in the resolution
22 authorizing the issuance of the bonds or notes, that this
23 subsection shall apply. Whenever the Authority makes such a
24 determination, that fact shall be plainly stated on the face
25 of the bonds or notes and that fact shall also be reported to
26 the Governor. In the event of a withdrawal of moneys from a

1 reserve fund established with respect to any issue or issues
2 of bonds of the Authority to pay principal or interest on those
3 bonds, the Chairperson of the Authority, as soon as
4 practicable, shall certify to the Governor the amount required
5 to restore the reserve fund to the level required in the
6 resolution or indenture securing those bonds. The Governor
7 shall submit the amount so certified to the General Assembly
8 as soon as practicable, but no later than the end of the
9 current State fiscal year. The Authority shall obtain written
10 approval from the Governor for any bonds and notes to be issued
11 under this Section. In addition to any other bonds authorized
12 to be issued under Sections 825-60, 825-65(e), 830-25 and
13 845-5, the principal amount of Authority bonds outstanding
14 issued under this Section 801-40(w) or under 20 ILCS 3850/1-80
15 or 30 ILCS 360/2-6(c), which have been assumed by the
16 Authority, shall not exceed \$150,000,000. This subsection (w)
17 shall in no way be applied to any bonds issued by the Authority
18 on behalf of the Illinois Power Agency under Section 825-90 of
19 this Act.

20 (x) The Authority may enter into agreements or contracts
21 with any person necessary or appropriate to place the payment
22 obligations of the Authority under any of its bonds in whole or
23 in part on any interest rate basis, cash flow basis, or other
24 basis desired by the Authority, including without limitation
25 agreements or contracts commonly known as "interest rate swap
26 agreements", "forward payment conversion agreements", and

1 "futures", or agreements or contracts to exchange cash flows
2 or a series of payments, or agreements or contracts, including
3 without limitation agreements or contracts commonly known as
4 "options", "puts", or "calls", to hedge payment, rate spread,
5 or similar exposure; provided that any such agreement or
6 contract shall not constitute an obligation for borrowed money
7 and shall not be taken into account under Section 845-5 of this
8 Act or any other debt limit of the Authority or the State of
9 Illinois.

10 (y) The Authority shall publish summaries of projects and
11 actions approved by the members of the Authority on its
12 website. These summaries shall include, but not be limited to,
13 information regarding the:

- 14 (1) project;
- 15 (2) Board's action or actions;
- 16 (3) purpose of the project;
- 17 (4) Authority's program and contribution;
- 18 (5) volume cap;
- 19 (6) jobs retained;
- 20 (7) projected new jobs;
- 21 (8) construction jobs created;
- 22 (9) estimated sources and uses of funds;
- 23 (10) financing summary;
- 24 (11) project summary;
- 25 (12) business summary;
- 26 (13) ownership or economic disclosure statement;

- 1 (14) professional and financial information;
2 (15) service area; and
3 (16) legislative district.

4 The disclosure of information pursuant to this subsection
5 shall comply with the Freedom of Information Act.

6 (z) Consistent with the findings and declaration of policy
7 set forth in item (j) of Section 801-5 of this Act, the
8 Authority shall have the power to make loans to the Police
9 Officers' Pension Investment Fund authorized by Section
10 22B-120 of the Illinois Pension Code and to make loans to the
11 Firefighters' Pension Investment Fund authorized by Section
12 22C-120 of the Illinois Pension Code. Notwithstanding anything
13 in this Act to the contrary, loans authorized by Section
14 22B-120 and Section 22C-120 of the Illinois Pension Code may
15 be made from any of the Authority's funds, including, but not
16 limited to, funds in its Illinois Housing Partnership Program
17 Fund, its Industrial Project Insurance Fund, or its Illinois
18 Venture Investment Fund.

19 (aa) The Authority may finance or refinance (including,
20 without limitation, through reimbursement of prior
21 expenditures) any accounts receivable, working capital,
22 liability, or insurance or noncapital cost or operating
23 expense, or any combination thereof, for any unit of
24 government, participating health institution, private
25 institution of higher education, academic institution,
26 cultural institution, or other person authorized to borrow

1 funds from the Authority pursuant to this Act.

2 (bb) In addition to any other authority granted under this
3 Act, the Authority may provide loans, credit enhancements,
4 interest rate buydowns, loan loss reserves, or other financial
5 assistance for the development, construction, expansion, or
6 operation of the Qualified Energy Infrastructure and
7 Dispatchable Thermal Energy Storage, as defined in the
8 District Energy and Thermal Energy Storage Parity Act.

9 Financial assistance under this subsection (bb) may
10 include support for energy transfer stations, customer
11 interconnection costs, and related infrastructure and may be
12 provided in an amount not to exceed 40% of total eligible
13 project costs, subject to the underwriting standards
14 established by the Authority.

15 (Source: P.A. 104-6, eff. 6-16-25.)

16 Section 95. The Illinois Power Agency Act is amended by
17 changing Section 1-10 and by adding Section 1-79 as follows:

18 (20 ILCS 3855/1-10)

19 (Text of Section before amendment by P.A. 104-458)

20 Sec. 1-10. Definitions.

21 "Agency" means the Illinois Power Agency.

22 "Agency loan agreement" means any agreement pursuant to
23 which the Illinois Finance Authority agrees to loan the
24 proceeds of revenue bonds issued with respect to a project to

1 the Agency upon terms providing for loan repayment
2 installments at least sufficient to pay when due all principal
3 of, interest and premium, if any, on those revenue bonds, and
4 providing for maintenance, insurance, and other matters in
5 respect of the project.

6 "Authority" means the Illinois Finance Authority.

7 "Brownfield site photovoltaic project" means photovoltaics
8 that are either:

9 (1) interconnected to an electric utility as defined
10 in this Section, a municipal utility as defined in this
11 Section, a public utility as defined in Section 3-105 of
12 the Public Utilities Act, or an electric cooperative as
13 defined in Section 3-119 of the Public Utilities Act and
14 located at a site that is regulated by any of the following
15 entities under the following programs:

16 (A) the United States Environmental Protection
17 Agency under the federal Comprehensive Environmental
18 Response, Compensation, and Liability Act of 1980, as
19 amended;

20 (B) the United States Environmental Protection
21 Agency under the Corrective Action Program of the
22 federal Resource Conservation and Recovery Act, as
23 amended;

24 (C) the Illinois Environmental Protection Agency
25 under the Illinois Site Remediation Program; or

26 (D) the Illinois Environmental Protection Agency

1 under the Illinois Solid Waste Program; or
2 (2) located at the site of a coal mine that has
3 permanently ceased coal production, permanently halted any
4 re-mining operations, and is no longer accepting any coal
5 combustion residues; has both completed all clean-up and
6 remediation obligations under the federal Surface Mining
7 and Reclamation Act of 1977 and all applicable Illinois
8 rules and any other clean-up, remediation, or ongoing
9 monitoring to safeguard the health and well-being of the
10 people of the State of Illinois, as well as demonstrated
11 compliance with all applicable federal and State
12 environmental rules and regulations, including, but not
13 limited, to 35 Ill. Adm. Code Part 845 and any rules for
14 historic fill of coal combustion residuals, including any
15 rules finalized in Subdocket A of Illinois Pollution
16 Control Board docket R2020-019.

17 "Clean coal facility" means an electric generating
18 facility that uses primarily coal as a feedstock and that
19 captures and sequesters carbon dioxide emissions at the
20 following levels: at least 50% of the total carbon dioxide
21 emissions that the facility would otherwise emit if, at the
22 time construction commences, the facility is scheduled to
23 commence operation before 2016, at least 70% of the total
24 carbon dioxide emissions that the facility would otherwise
25 emit if, at the time construction commences, the facility is
26 scheduled to commence operation during 2016 or 2017, and at

1 least 90% of the total carbon dioxide emissions that the
2 facility would otherwise emit if, at the time construction
3 commences, the facility is scheduled to commence operation
4 after 2017. The power block of the clean coal facility shall
5 not exceed allowable emission rates for sulfur dioxide,
6 nitrogen oxides, carbon monoxide, particulates and mercury for
7 a natural gas-fired combined-cycle facility the same size as
8 and in the same location as the clean coal facility at the time
9 the clean coal facility obtains an approved air permit. All
10 coal used by a clean coal facility shall have high volatile
11 bituminous rank and greater than 1.7 pounds of sulfur per
12 million Btu content, unless the clean coal facility does not
13 use gasification technology and was operating as a
14 conventional coal-fired electric generating facility on June
15 1, 2009 (the effective date of Public Act 95-1027).

16 "Clean coal SNG brownfield facility" means a facility that
17 (1) has commenced construction by July 1, 2015 on an urban
18 brownfield site in a municipality with at least 1,000,000
19 residents; (2) uses a gasification process to produce
20 substitute natural gas; (3) uses coal as at least 50% of the
21 total feedstock over the term of any sourcing agreement with a
22 utility and the remainder of the feedstock may be either
23 petroleum coke or coal, with all such coal having a high
24 bituminous rank and greater than 1.7 pounds of sulfur per
25 million Btu content unless the facility reasonably determines
26 that it is necessary to use additional petroleum coke to

1 deliver additional consumer savings, in which case the
2 facility shall use coal for at least 35% of the total feedstock
3 over the term of any sourcing agreement; and (4) captures and
4 sequesters at least 85% of the total carbon dioxide emissions
5 that the facility would otherwise emit.

6 "Clean coal SNG facility" means a facility that uses a
7 gasification process to produce substitute natural gas, that
8 sequesters at least 90% of the total carbon dioxide emissions
9 that the facility would otherwise emit, that uses at least 90%
10 coal as a feedstock, with all such coal having a high
11 bituminous rank and greater than 1.7 pounds of sulfur per
12 million Btu content, and that has a valid and effective permit
13 to construct emission sources and air pollution control
14 equipment and approval with respect to the federal regulations
15 for Prevention of Significant Deterioration of Air Quality
16 (PSD) for the plant pursuant to the federal Clean Air Act;
17 provided, however, a clean coal SNG brownfield facility shall
18 not be a clean coal SNG facility.

19 "Clean energy" means energy generation that is 90% or
20 greater free of carbon dioxide emissions.

21 "Commission" means the Illinois Commerce Commission.

22 "Community renewable generation project" means an electric
23 generating facility that:

24 (1) is powered by wind, solar thermal energy,
25 photovoltaic cells or panels, biodiesel, crops and
26 untreated and unadulterated organic waste biomass, and

1 hydropower that does not involve new construction of dams;

2 (2) is interconnected at the distribution system level
3 of an electric utility as defined in this Section, a
4 municipal utility as defined in this Section that owns or
5 operates electric distribution facilities, a public
6 utility as defined in Section 3-105 of the Public
7 Utilities Act, or an electric cooperative, as defined in
8 Section 3-119 of the Public Utilities Act;

9 (3) credits the value of electricity generated by the
10 facility to the subscribers of the facility; and

11 (4) is limited in nameplate capacity to less than or
12 equal to 5,000 kilowatts.

13 "Costs incurred in connection with the development and
14 construction of a facility" means:

15 (1) the cost of acquisition of all real property,
16 fixtures, and improvements in connection therewith and
17 equipment, personal property, and other property, rights,
18 and easements acquired that are deemed necessary for the
19 operation and maintenance of the facility;

20 (2) financing costs with respect to bonds, notes, and
21 other evidences of indebtedness of the Agency;

22 (3) all origination, commitment, utilization,
23 facility, placement, underwriting, syndication, credit
24 enhancement, and rating agency fees;

25 (4) engineering, design, procurement, consulting,
26 legal, accounting, title insurance, survey, appraisal,

1 escrow, trustee, collateral agency, interest rate hedging,
2 interest rate swap, capitalized interest, contingency, as
3 required by lenders, and other financing costs, and other
4 expenses for professional services; and

5 (5) the costs of plans, specifications, site study and
6 investigation, installation, surveys, other Agency costs
7 and estimates of costs, and other expenses necessary or
8 incidental to determining the feasibility of any project,
9 together with such other expenses as may be necessary or
10 incidental to the financing, insuring, acquisition, and
11 construction of a specific project and starting up,
12 commissioning, and placing that project in operation.

13 "Delivery services" has the same definition as found in
14 Section 16-102 of the Public Utilities Act.

15 "Delivery year" means the consecutive 12-month period
16 beginning June 1 of a given year and ending May 31 of the
17 following year.

18 "Department" means the Department of Commerce and Economic
19 Opportunity.

20 "Director" means the Director of the Illinois Power
21 Agency.

22 "Dispatchable thermal energy storage" has meaning given to
23 that term in the District Energy and Thermal Energy Storage
24 Parity Act.

25 "Demand-response" means measures that decrease peak
26 electricity demand or shift demand from peak to off-peak

1 periods.

2 "Distributed renewable energy generation device" means a
3 device that is:

4 (1) powered by wind, solar thermal energy,
5 photovoltaic cells or panels, biodiesel, crops and
6 untreated and unadulterated organic waste biomass, tree
7 waste, and hydropower that does not involve new
8 construction of dams, waste heat to power systems, or
9 qualified combined heat and power systems;

10 (2) interconnected at the distribution system level of
11 either an electric utility as defined in this Section, a
12 municipal utility as defined in this Section that owns or
13 operates electric distribution facilities, or a rural
14 electric cooperative as defined in Section 3-119 of the
15 Public Utilities Act;

16 (3) located on the customer side of the customer's
17 electric meter and is primarily used to offset that
18 customer's electricity load; and

19 (4) (blank).

20 "Energy efficiency" means measures that reduce the amount
21 of electricity or natural gas consumed in order to achieve a
22 given end use. "Energy efficiency" includes voltage
23 optimization measures that optimize the voltage at points on
24 the electric distribution voltage system and thereby reduce
25 electricity consumption by electric customers' end use
26 devices. "Energy efficiency" also includes measures that

1 reduce the total Btus of electricity, natural gas, and other
2 fuels needed to meet the end use or uses.

3 "Electric utility" has the same definition as found in
4 Section 16-102 of the Public Utilities Act.

5 "Equity investment eligible community" or "eligible
6 community" are synonymous and mean the geographic areas
7 throughout Illinois which would most benefit from equitable
8 investments by the State designed to combat discrimination.
9 Specifically, the eligible communities shall be defined as the
10 following areas:

11 (1) R3 Areas as established pursuant to Section 10-40
12 of the Cannabis Regulation and Tax Act, where residents
13 have historically been excluded from economic
14 opportunities, including opportunities in the energy
15 sector; and

16 (2) environmental justice communities, as defined by
17 the Illinois Power Agency pursuant to the Illinois Power
18 Agency Act, where residents have historically been subject
19 to disproportionate burdens of pollution, including
20 pollution from the energy sector.

21 "Equity eligible persons" or "eligible persons" means
22 persons who would most benefit from equitable investments by
23 the State designed to combat discrimination, specifically:

24 (1) persons who graduate from or are current or former
25 participants in the Clean Jobs Workforce Network Program,
26 the Clean Energy Contractor Incubator Program, the

1 Illinois Climate Works Preapprenticeship Program,
2 Returning Residents Clean Jobs Training Program, or the
3 Clean Energy Primes Contractor Accelerator Program, and
4 the solar training pipeline and multi-cultural jobs
5 program created in paragraphs (a) (1) and (a) (3) of Section
6 16-208.12 of the Public Utilities Act;

7 (2) persons who are graduates of or currently enrolled
8 in the foster care system;

9 (3) persons who were formerly incarcerated;

10 (4) persons whose primary residence is in an equity
11 investment eligible community.

12 "Equity eligible contractor" means a business that is
13 majority-owned by eligible persons, or a nonprofit or
14 cooperative that is majority-governed by eligible persons, or
15 is a natural person that is an eligible person offering
16 personal services as an independent contractor.

17 "Facility" means an electric generating unit or a
18 co-generating unit that produces electricity along with
19 related equipment necessary to connect the facility to an
20 electric transmission or distribution system.

21 "General contractor" means the entity or organization with
22 main responsibility for the building of a construction project
23 and who is the party signing the prime construction contract
24 for the project.

25 "Governmental aggregator" means one or more units of local
26 government that individually or collectively procure

1 electricity to serve residential retail electrical loads
2 located within its or their jurisdiction.

3 "High voltage direct current converter station" means the
4 collection of equipment that converts direct current energy
5 from a high voltage direct current transmission line into
6 alternating current using Voltage Source Conversion technology
7 and that is interconnected with transmission or distribution
8 assets located in Illinois.

9 "High voltage direct current renewable energy credit"
10 means a renewable energy credit associated with a renewable
11 energy resource where the renewable energy resource has
12 entered into a contract to transmit the energy associated with
13 such renewable energy credit over high voltage direct current
14 transmission facilities.

15 "High voltage direct current transmission facilities"
16 means the collection of installed equipment that converts
17 alternating current energy in one location to direct current
18 and transmits that direct current energy to a high voltage
19 direct current converter station using Voltage Source
20 Conversion technology. "High voltage direct current
21 transmission facilities" includes the high voltage direct
22 current converter station itself and associated high voltage
23 direct current transmission lines. Notwithstanding the
24 preceding, after September 15, 2021 (the effective date of
25 Public Act 102-662), an otherwise qualifying collection of
26 equipment does not qualify as high voltage direct current

1 transmission facilities unless its developer entered into a
2 project labor agreement, is capable of transmitting
3 electricity at 525kv with an Illinois converter station
4 located and interconnected in the region of the PJM
5 Interconnection, LLC, and the system does not operate as a
6 public utility, as that term is defined in Section 3-105 of the
7 Public Utilities Act.

8 "Hydropower" means any method of electricity generation or
9 storage that results from the flow of water, including
10 impoundment facilities, diversion facilities, and pumped
11 storage facilities.

12 "Index price" means the real-time energy settlement price
13 at the applicable Illinois trading hub, such as PJM-NIHUB or
14 MISO-IL, for a given settlement period.

15 "Indexed renewable energy credit" means a tradable credit
16 that represents the environmental attributes of one megawatt
17 hour of energy produced from a renewable energy resource, the
18 price of which shall be calculated by subtracting the strike
19 price offered by a new utility-scale wind project or a new
20 utility-scale photovoltaic project from the index price in a
21 given settlement period.

22 "Indexed renewable energy credit counterparty" has the
23 same meaning as "public utility" as defined in Section 3-105
24 of the Public Utilities Act.

25 "Local government" means a unit of local government as
26 defined in Section 1 of Article VII of the Illinois

1 Constitution.

2 "Modernized" or "retooled" means the construction, repair,
3 maintenance, or significant expansion of turbines and existing
4 hydropower dams.

5 "Municipality" means a city, village, or incorporated
6 town.

7 "Municipal utility" means a public utility owned and
8 operated by any subdivision or municipal corporation of this
9 State.

10 "Nameplate capacity" means the aggregate inverter
11 nameplate capacity in kilowatts AC.

12 "Person" means any natural person, firm, partnership,
13 corporation, either domestic or foreign, company, association,
14 limited liability company, joint stock company, or association
15 and includes any trustee, receiver, assignee, or personal
16 representative thereof.

17 "Project" means the planning, bidding, and construction of
18 a facility.

19 "Project labor agreement" means a pre-hire collective
20 bargaining agreement that covers all terms and conditions of
21 employment on a specific construction project and must include
22 the following:

23 (1) provisions establishing the minimum hourly wage
24 for each class of labor organization employee;

25 (2) provisions establishing the benefits and other
26 compensation for each class of labor organization

1 employee;

2 (3) provisions establishing that no strike or disputes
3 will be engaged in by the labor organization employees;

4 (4) provisions establishing that no lockout or
5 disputes will be engaged in by the general contractor
6 building the project; and

7 (5) provisions for minorities and women, as defined
8 under the Business Enterprise for Minorities, Women, and
9 Persons with Disabilities Act, setting forth goals for
10 apprenticeship hours to be performed by minorities and
11 women and setting forth goals for total hours to be
12 performed by underrepresented minorities and women.

13 A labor organization and the general contractor building
14 the project shall have the authority to include other terms
15 and conditions as they deem necessary.

16 "Public utility" has the same definition as found in
17 Section 3-105 of the Public Utilities Act.

18 "Qualified combined heat and power systems" means systems
19 that, either simultaneously or sequentially, produce
20 electricity and useful thermal energy from a single fuel
21 source. Such systems are eligible for "renewable energy
22 credits" in an amount equal to its total energy output where a
23 renewable fuel is consumed or in an amount equal to the net
24 reduction in nonrenewable fuel consumed on a total energy
25 output basis.

26 "Real property" means any interest in land together with

1 all structures, fixtures, and improvements thereon, including
2 lands under water and riparian rights, any easements,
3 covenants, licenses, leases, rights-of-way, uses, and other
4 interests, together with any liens, judgments, mortgages, or
5 other claims or security interests related to real property.

6 "Renewable energy credit" means a tradable credit that
7 represents the environmental attributes of one megawatt hour
8 of energy produced from a renewable energy resource.

9 "Renewable energy resources" includes energy and its
10 associated renewable energy credit or renewable energy credits
11 from wind, solar thermal energy, photovoltaic cells and
12 panels, biodiesel, anaerobic digestion, crops and untreated
13 and unadulterated organic waste biomass, and hydropower that
14 does not involve new construction of dams, waste heat to power
15 systems, or qualified combined heat and power systems. For
16 purposes of this Act, landfill gas produced in the State is
17 considered a renewable energy resource. "Renewable energy
18 resources" does not include the incineration or burning of
19 tires, garbage, general household, institutional, and
20 commercial waste, industrial lunchroom or office waste,
21 landscape waste, railroad crossties, utility poles, or
22 construction or demolition debris, other than untreated and
23 unadulterated waste wood. "Renewable energy resources" also
24 includes high voltage direct current renewable energy credits
25 and the associated energy converted to alternating current by
26 a high voltage direct current converter station to the extent

1 that: (1) the generator of such renewable energy resource
2 contracted with a third party to transmit the energy over the
3 high voltage direct current transmission facilities, and (2)
4 the third-party contracting for delivery of renewable energy
5 resources over the high voltage direct current transmission
6 facilities have ownership rights over the unretired associated
7 high voltage direct current renewable energy credit.

8 "Retail customer" has the same definition as found in
9 Section 16-102 of the Public Utilities Act.

10 "Revenue bond" means any bond, note, or other evidence of
11 indebtedness issued by the Authority, the principal and
12 interest of which is payable solely from revenues or income
13 derived from any project or activity of the Agency.

14 "Sequester" means permanent storage of carbon dioxide by
15 injecting it into a saline aquifer, a depleted gas reservoir,
16 or an oil reservoir, directly or through an enhanced oil
17 recovery process that may involve intermediate storage,
18 regardless of whether these activities are conducted by a
19 clean coal facility, a clean coal SNG facility, a clean coal
20 SNG brownfield facility, or a party with which a clean coal
21 facility, clean coal SNG facility, or clean coal SNG
22 brownfield facility has contracted for such purposes.

23 "Service area" has the same definition as found in Section
24 16-102 of the Public Utilities Act.

25 "Settlement period" means the period of time utilized by
26 MISO and PJM and their successor organizations as the basis

1 for settlement calculations in the real-time energy market.

2 "Sourcing agreement" means (i) in the case of an electric
3 utility, an agreement between the owner of a clean coal
4 facility and such electric utility, which agreement shall have
5 terms and conditions meeting the requirements of paragraph (3)
6 of subsection (d) of Section 1-75, (ii) in the case of an
7 alternative retail electric supplier, an agreement between the
8 owner of a clean coal facility and such alternative retail
9 electric supplier, which agreement shall have terms and
10 conditions meeting the requirements of Section 16-115(d)(5) of
11 the Public Utilities Act, and (iii) in case of a gas utility,
12 an agreement between the owner of a clean coal SNG brownfield
13 facility and the gas utility, which agreement shall have the
14 terms and conditions meeting the requirements of subsection
15 (h-1) of Section 9-220 of the Public Utilities Act.

16 "Strike price" means a contract price for energy and
17 renewable energy credits from a new utility-scale wind project
18 or a new utility-scale photovoltaic project.

19 "Subscriber" means a person who (i) takes delivery service
20 from an electric utility, and (ii) has a subscription of no
21 less than 200 watts to a community renewable generation
22 project that is located in the electric utility's service
23 area. No subscriber's subscriptions may total more than 40% of
24 the nameplate capacity of an individual community renewable
25 generation project. Entities that are affiliated by virtue of
26 a common parent shall not represent multiple subscriptions

1 that total more than 40% of the nameplate capacity of an
2 individual community renewable generation project.

3 "Subscription" means an interest in a community renewable
4 generation project expressed in kilowatts, which is sized
5 primarily to offset part or all of the subscriber's
6 electricity usage.

7 "Substitute natural gas" or "SNG" means a gas manufactured
8 by gasification of hydrocarbon feedstock, which is
9 substantially interchangeable in use and distribution with
10 conventional natural gas.

11 "Total resource cost test" or "TRC test" means a standard
12 that is met if, for an investment in energy efficiency or
13 demand-response measures, the benefit-cost ratio is greater
14 than one. The benefit-cost ratio is the ratio of the net
15 present value of the total benefits of the program to the net
16 present value of the total costs as calculated over the
17 lifetime of the measures. A total resource cost test compares
18 the sum of avoided electric utility costs, representing the
19 benefits that accrue to the system and the participant in the
20 delivery of those efficiency measures and including avoided
21 costs associated with reduced use of natural gas or other
22 fuels, avoided costs associated with reduced water
23 consumption, and avoided costs associated with reduced
24 operation and maintenance costs, as well as other quantifiable
25 societal benefits, to the sum of all incremental costs of
26 end-use measures that are implemented due to the program

1 (including both utility and participant contributions), plus
2 costs to administer, deliver, and evaluate each demand-side
3 program, to quantify the net savings obtained by substituting
4 the demand-side program for supply resources. In calculating
5 avoided costs of power and energy that an electric utility
6 would otherwise have had to acquire, reasonable estimates
7 shall be included of financial costs likely to be imposed by
8 future regulations and legislation on emissions of greenhouse
9 gases. In discounting future societal costs and benefits for
10 the purpose of calculating net present values, a societal
11 discount rate based on actual, long-term Treasury bond yields
12 should be used. Notwithstanding anything to the contrary, the
13 TRC test shall not include or take into account a calculation
14 of market price suppression effects or demand reduction
15 induced price effects.

16 "Utility-scale solar project" means an electric generating
17 facility that:

18 (1) generates electricity using photovoltaic cells;

19 and

20 (2) has a nameplate capacity that is greater than
21 5,000 kilowatts.

22 "Utility-scale wind project" means an electric generating
23 facility that:

24 (1) generates electricity using wind; and

25 (2) has a nameplate capacity that is greater than
26 5,000 kilowatts.

1 "Waste Heat to Power Systems" means systems that capture
2 and generate electricity from energy that would otherwise be
3 lost to the atmosphere without the use of additional fuel.

4 "Zero emission credit" means a tradable credit that
5 represents the environmental attributes of one megawatt hour
6 of energy produced from a zero emission facility.

7 "Zero emission facility" means a facility that: (1) is
8 fueled by nuclear power; and (2) is interconnected with PJM
9 Interconnection, LLC or the Midcontinent Independent System
10 Operator, Inc., or their successors.

11 (Source: P.A. 102-662, eff. 9-15-21; 103-154, eff. 6-28-23;
12 103-380, eff. 1-1-24.)

13 (Text of Section after amendment by P.A. 104-458)

14 Sec. 1-10. Definitions.

15 "Agency" means the Illinois Power Agency.

16 "Agency loan agreement" means any agreement pursuant to
17 which the Illinois Finance Authority agrees to loan the
18 proceeds of revenue bonds issued with respect to a project to
19 the Agency upon terms providing for loan repayment
20 installments at least sufficient to pay when due all principal
21 of, interest and premium, if any, on those revenue bonds, and
22 providing for maintenance, insurance, and other matters in
23 respect of the project.

24 "Authority" means the Illinois Finance Authority.

25 "Brownfield site photovoltaic project" means photovoltaics

1 that are either:

2 (1) interconnected to an electric utility as defined
3 in this Section, a municipal utility as defined in this
4 Section, a public utility as defined in Section 3-105 of
5 the Public Utilities Act, or an electric cooperative as
6 defined in Section 3-119 of the Public Utilities Act and
7 located at a site that is regulated by any of the following
8 entities under the following programs:

9 (A) the United States Environmental Protection
10 Agency under the federal Comprehensive Environmental
11 Response, Compensation, and Liability Act of 1980, as
12 amended;

13 (B) the United States Environmental Protection
14 Agency under the Corrective Action Program of the
15 federal Resource Conservation and Recovery Act, as
16 amended;

17 (C) the Illinois Environmental Protection Agency
18 under the Illinois Site Remediation Program; or

19 (D) the Illinois Environmental Protection Agency
20 under the Illinois Solid Waste Program; or

21 (2) located at the site of a coal mine that has
22 permanently ceased coal production, permanently halted any
23 re-mining operations, and is no longer accepting any coal
24 combustion residues; has both completed all clean-up and
25 remediation obligations under the federal Surface Mining
26 and Reclamation Act of 1977 and all applicable Illinois

1 rules and any other clean-up, remediation, or ongoing
2 monitoring to safeguard the health and well-being of the
3 people of the State of Illinois, as well as demonstrated
4 compliance with all applicable federal and State
5 environmental rules and regulations, including, but not
6 limited, to 35 Ill. Adm. Code Part 845 and any rules for
7 historic fill of coal combustion residuals, including any
8 rules finalized in Subdocket A of Illinois Pollution
9 Control Board docket R2020-019.

10 "Clean coal facility" means an electric generating
11 facility that uses primarily coal as a feedstock and that
12 captures and sequesters carbon dioxide emissions at the
13 following levels: at least 50% of the total carbon dioxide
14 emissions that the facility would otherwise emit if, at the
15 time construction commences, the facility is scheduled to
16 commence operation before 2016, at least 70% of the total
17 carbon dioxide emissions that the facility would otherwise
18 emit if, at the time construction commences, the facility is
19 scheduled to commence operation during 2016 or 2017, and at
20 least 90% of the total carbon dioxide emissions that the
21 facility would otherwise emit if, at the time construction
22 commences, the facility is scheduled to commence operation
23 after 2017. The power block of the clean coal facility shall
24 not exceed allowable emission rates for sulfur dioxide,
25 nitrogen oxides, carbon monoxide, particulates and mercury for
26 a natural gas-fired combined-cycle facility the same size as

1 and in the same location as the clean coal facility at the time
2 the clean coal facility obtains an approved air permit. All
3 coal used by a clean coal facility shall have high volatile
4 bituminous rank and greater than 1.7 pounds of sulfur per
5 million Btu content, unless the clean coal facility does not
6 use gasification technology and was operating as a
7 conventional coal-fired electric generating facility on June
8 1, 2009 (the effective date of Public Act 95-1027).

9 "Clean coal SNG brownfield facility" means a facility that
10 (1) has commenced construction by July 1, 2015 on an urban
11 brownfield site in a municipality with at least 1,000,000
12 residents; (2) uses a gasification process to produce
13 substitute natural gas; (3) uses coal as at least 50% of the
14 total feedstock over the term of any sourcing agreement with a
15 utility and the remainder of the feedstock may be either
16 petroleum coke or coal, with all such coal having a high
17 bituminous rank and greater than 1.7 pounds of sulfur per
18 million Btu content unless the facility reasonably determines
19 that it is necessary to use additional petroleum coke to
20 deliver additional consumer savings, in which case the
21 facility shall use coal for at least 35% of the total feedstock
22 over the term of any sourcing agreement; and (4) captures and
23 sequesters at least 85% of the total carbon dioxide emissions
24 that the facility would otherwise emit.

25 "Clean coal SNG facility" means a facility that uses a
26 gasification process to produce substitute natural gas, that

1 sequesters at least 90% of the total carbon dioxide emissions
2 that the facility would otherwise emit, that uses at least 90%
3 coal as a feedstock, with all such coal having a high
4 bituminous rank and greater than 1.7 pounds of sulfur per
5 million Btu content, and that has a valid and effective permit
6 to construct emission sources and air pollution control
7 equipment and approval with respect to the federal regulations
8 for Prevention of Significant Deterioration of Air Quality
9 (PSD) for the plant pursuant to the federal Clean Air Act;
10 provided, however, a clean coal SNG brownfield facility shall
11 not be a clean coal SNG facility.

12 "Clean energy" means energy generation that is 90% or
13 greater free of carbon dioxide emissions.

14 "Commission" means the Illinois Commerce Commission.

15 "Community renewable generation project" means an electric
16 generating facility that:

17 (1) is powered by wind, solar thermal energy,
18 photovoltaic cells or panels, biodiesel, crops and
19 untreated and unadulterated organic waste biomass, and
20 hydropower that does not involve new construction of dams;

21 (2) is interconnected at the distribution system level
22 of an electric utility as defined in this Section, a
23 municipal utility as defined in this Section that owns or
24 operates electric distribution facilities, a public
25 utility as defined in Section 3-105 of the Public
26 Utilities Act, or an electric cooperative, as defined in

1 Section 3-119 of the Public Utilities Act;

2 (3) credits the value of electricity generated by the
3 facility to the subscribers of the facility; and

4 (4) is limited in nameplate capacity to less than or
5 equal to 10,000 kilowatts.

6 "Costs incurred in connection with the development and
7 construction of a facility" means:

8 (1) the cost of acquisition of all real property,
9 fixtures, and improvements in connection therewith and
10 equipment, personal property, and other property, rights,
11 and easements acquired that are deemed necessary for the
12 operation and maintenance of the facility;

13 (2) financing costs with respect to bonds, notes, and
14 other evidences of indebtedness of the Agency;

15 (3) all origination, commitment, utilization,
16 facility, placement, underwriting, syndication, credit
17 enhancement, and rating agency fees;

18 (4) engineering, design, procurement, consulting,
19 legal, accounting, title insurance, survey, appraisal,
20 escrow, trustee, collateral agency, interest rate hedging,
21 interest rate swap, capitalized interest, contingency, as
22 required by lenders, and other financing costs, and other
23 expenses for professional services; and

24 (5) the costs of plans, specifications, site study and
25 investigation, installation, surveys, other Agency costs
26 and estimates of costs, and other expenses necessary or

1 incidental to determining the feasibility of any project,
2 together with such other expenses as may be necessary or
3 incidental to the financing, insuring, acquisition, and
4 construction of a specific project and starting up,
5 commissioning, and placing that project in operation.

6 "Delivery services" has the same definition as found in
7 Section 16-102 of the Public Utilities Act.

8 "Delivery year" means the consecutive 12-month period
9 beginning June 1 of a given year and ending May 31 of the
10 following year.

11 "Department" means the Department of Commerce and Economic
12 Opportunity.

13 "Director" means the Director of the Illinois Power
14 Agency.

15 "Dispatchable thermal energy storage" has meaning given to
16 that term in the District Energy and Thermal Energy Storage
17 Parity Act.

18 "Demand response" means measures that decrease peak
19 electricity demand or shift demand from peak to off-peak
20 periods.

21 "Distributed renewable energy generation device" means a
22 device that is:

23 (1) powered by wind, solar thermal energy,
24 photovoltaic cells or panels, biodiesel, crops and
25 untreated and unadulterated organic waste biomass, tree
26 waste, and hydropower that does not involve new

1 construction of dams, waste heat to power systems, or
2 qualified combined heat and power systems;

3 (2) interconnected at the distribution system level of
4 either an electric utility as defined in this Section, a
5 municipal utility as defined in this Section that owns or
6 operates electric distribution facilities, or a rural
7 electric cooperative as defined in Section 3-119 of the
8 Public Utilities Act;

9 (3) located on the customer side of the customer's
10 electric meter and is primarily used to offset that
11 customer's electricity load; and

12 (4) (blank).

13 "Energy efficiency" means measures that reduce the amount
14 of electricity or natural gas consumed in order to achieve a
15 given end use. "Energy efficiency" includes voltage
16 optimization measures that optimize the voltage at points on
17 the electric distribution voltage system and thereby reduce
18 electricity consumption by electric customers' end use
19 devices. "Energy efficiency" also includes measures that
20 reduce the total Btus of electricity, natural gas, and other
21 fuels needed to meet the end use or uses.

22 "Energy storage system" has the meaning given to that term
23 in Section 16-135 of the Public Utilities Act. "Energy storage
24 system" does not include technologies that require combustion.

25 "Energy storage resources" means the operational output or
26 capabilities of energy storage systems. "Energy storage

1 resources" includes, but is not limited to, energy, capacity,
2 and energy storage credits.

3 "Electric utility" has the same definition as found in
4 Section 16-102 of the Public Utilities Act.

5 "Equity investment eligible community" or "eligible
6 community" are synonymous and mean the geographic areas
7 throughout Illinois which would most benefit from equitable
8 investments by the State designed to combat discrimination.
9 Specifically, the eligible communities shall be defined as the
10 following areas:

11 (1) R3 Areas as established pursuant to Section 10-40
12 of the Cannabis Regulation and Tax Act, where residents
13 have historically been excluded from economic
14 opportunities, including opportunities in the energy
15 sector; and

16 (2) environmental justice communities, as defined by
17 the Illinois Power Agency pursuant to the Illinois Power
18 Agency Act, where residents have historically been subject
19 to disproportionate burdens of pollution, including
20 pollution from the energy sector.

21 "Equity eligible persons" or "eligible persons" means
22 persons who would most benefit from equitable investments by
23 the State designed to combat discrimination, specifically:

24 (1) persons who graduate from or are current or former
25 participants in the Clean Jobs Workforce Network Program,
26 the Clean Energy Contractor Incubator Program, the

1 Illinois Climate Works Preapprenticeship Program,
2 Returning Residents Clean Jobs Training Program, or the
3 Clean Energy Primes Contractor Accelerator Program, and
4 the solar training pipeline and multi-cultural jobs
5 program created in paragraphs (1) and (3) of subsection
6 (a) of Section 16-108.12 of the Public Utilities Act;

7 (2) persons who are graduates of or currently enrolled
8 in the foster care system;

9 (3) persons who were formerly incarcerated;

10 (4) persons whose primary residence is in an equity
11 investment eligible community.

12 "Equity eligible contractor" means a business that is
13 majority-owned by eligible persons, or a nonprofit or
14 cooperative that is majority-governed by eligible persons, or
15 is a natural person that is an eligible person offering
16 personal services as an independent contractor.

17 "Facility" means an electric generating unit or a
18 co-generating unit that produces electricity along with
19 related equipment necessary to connect the facility to an
20 electric transmission or distribution system.

21 "General contractor" means the entity or organization with
22 main responsibility for the building of a construction project
23 and who is the party signing the prime construction contract
24 for the project.

25 "Governmental aggregator" means one or more units of local
26 government that individually or collectively procure

1 electricity to serve residential retail electrical loads
2 located within its or their jurisdiction.

3 "High voltage direct current converter station" means the
4 collection of equipment that converts direct current energy
5 from a high voltage direct current transmission line into
6 alternating current using Voltage Source Conversion technology
7 and that is interconnected with transmission or distribution
8 assets located in Illinois.

9 "High voltage direct current renewable energy credit"
10 means a renewable energy credit associated with a renewable
11 energy resource where the renewable energy resource has
12 entered into a contract to transmit the energy associated with
13 such renewable energy credit over high voltage direct current
14 transmission facilities.

15 "High voltage direct current transmission facilities"
16 means the collection of installed equipment that converts
17 alternating current energy in one location to direct current
18 and transmits that direct current energy to a high voltage
19 direct current converter station using Voltage Source
20 Conversion technology. "High voltage direct current
21 transmission facilities" includes the high voltage direct
22 current converter station itself and associated high voltage
23 direct current transmission lines. Notwithstanding the
24 preceding, after September 15, 2021 (the effective date of
25 Public Act 102-662), an otherwise qualifying collection of
26 equipment does not qualify as high voltage direct current

1 transmission facilities unless (1) its developer entered into
2 a project labor agreement, is capable of transmitting
3 electricity at 525kv with an Illinois converter station
4 located and interconnected in the region of the PJM
5 Interconnection, LLC, and the system does not operate as a
6 public utility, as that term is defined in Section 3-105 of the
7 Public Utilities Act, serving more than 100,000 customers as
8 of January 1, 2021; or (2) its developer has entered into a
9 project labor agreement prior to construction, the project is
10 capable of transmitting electricity at 525 kilovolts or above,
11 and the project has a converter station that is located in this
12 State or in a state adjacent to this State and is
13 interconnected to PJM Interconnection, LLC, the Midcontinent
14 Independent System Operator, Inc., or their successor.

15 "Hydropower" means any method of electricity generation or
16 storage that results from the flow of water, including
17 impoundment facilities, diversion facilities, and pumped
18 storage facilities.

19 "Index price" means the real-time energy settlement price
20 at the applicable Illinois trading hub, such as PJM-NIHUB or
21 MISO-IL, for a given settlement period.

22 "Indexed renewable energy credit" means a tradable credit
23 that represents the environmental attributes of one megawatt
24 hour of energy produced from a renewable energy resource, the
25 price of which shall be calculated by subtracting the strike
26 price offered by a new utility-scale wind project or a new

1 utility-scale photovoltaic project from the index price in a
2 given settlement period.

3 "Indexed renewable energy credit counterparty" has the
4 same meaning as "public utility" as defined in Section 3-105
5 of the Public Utilities Act.

6 "Local government" means a unit of local government as
7 defined in Section 1 of Article VII of the Illinois
8 Constitution.

9 "Modernized" or "retooled" means the construction, repair,
10 maintenance, or significant expansion of turbines and existing
11 hydropower dams.

12 "Municipality" means a city, village, or incorporated
13 town.

14 "Municipal utility" means a public utility owned and
15 operated by any subdivision or municipal corporation of this
16 State.

17 "Nameplate capacity" means the aggregate inverter
18 nameplate capacity in kilowatts AC.

19 "Person" means any natural person, firm, partnership,
20 corporation, either domestic or foreign, company, association,
21 limited liability company, joint stock company, or association
22 and includes any trustee, receiver, assignee, or personal
23 representative thereof.

24 "Project" means the planning, bidding, and construction of
25 a facility.

26 "Project labor agreement" means a pre-hire collective

1 bargaining agreement that covers all terms and conditions of
2 employment on a specific construction project and must include
3 the following:

4 (1) provisions establishing the minimum hourly wage
5 for each class of labor organization employee;

6 (2) provisions establishing the benefits and other
7 compensation for each class of labor organization
8 employee;

9 (3) provisions establishing that no strike or disputes
10 will be engaged in by the labor organization employees;

11 (4) provisions establishing that no lockout or
12 disputes will be engaged in by the general contractor
13 building the project; and

14 (5) provisions for minorities and women, as defined
15 under the Business Enterprise for Minorities, Women, and
16 Persons with Disabilities Act, setting forth goals for
17 apprenticeship hours to be performed by minorities and
18 women and setting forth goals for total hours to be
19 performed by underrepresented minorities and women.

20 A labor organization and the general contractor building
21 the project shall have the authority to include other terms
22 and conditions as they deem necessary.

23 "Public utility" has the same definition as found in
24 Section 3-105 of the Public Utilities Act.

25 "Qualified combined heat and power systems" means systems
26 that, either simultaneously or sequentially, produce

1 electricity and useful thermal energy from a single fuel
2 source. Such systems are eligible for "renewable energy
3 credits" in an amount equal to its total energy output where a
4 renewable fuel is consumed or in an amount equal to the net
5 reduction in nonrenewable fuel consumed on a total energy
6 output basis.

7 "Real property" means any interest in land together with
8 all structures, fixtures, and improvements thereon, including
9 lands under water and riparian rights, any easements,
10 covenants, licenses, leases, rights-of-way, uses, and other
11 interests, together with any liens, judgments, mortgages, or
12 other claims or security interests related to real property.

13 "Renewable energy credit" means a tradable credit that
14 represents the environmental attributes of one megawatt hour
15 of energy produced from a renewable energy resource.

16 "Renewable energy resources" includes energy and its
17 associated renewable energy credit or renewable energy credits
18 from wind, solar thermal energy, photovoltaic cells and
19 panels, biodiesel, anaerobic digestion, crops and untreated
20 and unadulterated organic waste biomass, and hydropower that
21 does not involve new construction of dams, waste heat to power
22 systems, qualified combined heat and power systems, or
23 geothermal heating and cooling systems that qualify for the
24 Geothermal Homes and Businesses Program. For purposes of this
25 Act, landfill gas produced in the State is considered a
26 renewable energy resource. "Renewable energy resources" does

1 not include the incineration or burning of tires, garbage,
2 general household, institutional, and commercial waste,
3 industrial lunchroom or office waste, landscape waste,
4 railroad crossties, utility poles, or construction or
5 demolition debris, other than untreated and unadulterated
6 waste wood. "Renewable energy resources" also includes high
7 voltage direct current renewable energy credits and the
8 associated energy converted to alternating current by a high
9 voltage direct current converter station to the extent that:
10 (1) the generator of such renewable energy resource contracted
11 with a third party to transmit the energy over the high voltage
12 direct current transmission facilities, and (2) the
13 third-party contracting for delivery of renewable energy
14 resources over the high voltage direct current transmission
15 facilities have ownership rights over the unretired associated
16 high voltage direct current renewable energy credit.

17 "Retail customer" has the same definition as found in
18 Section 16-102 of the Public Utilities Act.

19 "Revenue bond" means any bond, note, or other evidence of
20 indebtedness issued by the Authority, the principal and
21 interest of which is payable solely from revenues or income
22 derived from any project or activity of the Agency.

23 "Sequester" means permanent storage of carbon dioxide by
24 injecting it into a saline aquifer, a depleted gas reservoir,
25 or an oil reservoir, directly or through an enhanced oil
26 recovery process that may involve intermediate storage,

1 regardless of whether these activities are conducted by a
2 clean coal facility, a clean coal SNG facility, a clean coal
3 SNG brownfield facility, or a party with which a clean coal
4 facility, clean coal SNG facility, or clean coal SNG
5 brownfield facility has contracted for such purposes.

6 "Service area" has the same definition as found in Section
7 16-102 of the Public Utilities Act.

8 "Settlement period" means the period of time utilized by
9 MISO and PJM and their successor organizations as the basis
10 for settlement calculations in the real-time energy market.

11 "Sourcing agreement" means (i) in the case of an electric
12 utility, an agreement between the owner of a clean coal
13 facility and such electric utility, which agreement shall have
14 terms and conditions meeting the requirements of paragraph (3)
15 of subsection (d) of Section 1-75, (ii) in the case of an
16 alternative retail electric supplier, an agreement between the
17 owner of a clean coal facility and such alternative retail
18 electric supplier, which agreement shall have terms and
19 conditions meeting the requirements of Section 16-115(d)(5) of
20 the Public Utilities Act, and (iii) in case of a gas utility,
21 an agreement between the owner of a clean coal SNG brownfield
22 facility and the gas utility, which agreement shall have the
23 terms and conditions meeting the requirements of subsection
24 (h-1) of Section 9-220 of the Public Utilities Act.

25 "Strike price" means a contract price for energy and
26 renewable energy credits from a new utility-scale wind project

1 or a new utility-scale photovoltaic project.

2 "Subscriber" means a person who (i) takes delivery service
3 from an electric utility, and (ii) has a subscription of no
4 less than 200 watts to a community renewable generation
5 project that is located in the electric utility's service
6 area. No subscriber's subscriptions may total more than 40% of
7 the nameplate capacity of an individual community renewable
8 generation project. Entities that are affiliated by virtue of
9 a common parent shall not represent multiple subscriptions
10 that total more than 40% of the nameplate capacity of an
11 individual community renewable generation project.

12 "Subscription" means an interest in a community renewable
13 generation project expressed in kilowatts, which is sized
14 primarily to offset part or all of the subscriber's
15 electricity usage.

16 "Substitute natural gas" or "SNG" means a gas manufactured
17 by gasification of hydrocarbon feedstock, which is
18 substantially interchangeable in use and distribution with
19 conventional natural gas.

20 "Total resource cost test" or "TRC test" means a standard
21 that is met if, for an investment in energy efficiency or
22 demand-response measures, the benefit-cost ratio is greater
23 than one. The benefit-cost ratio is the ratio of the net
24 present value of the total benefits of the program to the net
25 present value of the total costs as calculated over the
26 lifetime of the measures. A total resource cost test compares

1 the sum of avoided electric utility costs, representing the
2 benefits that accrue to the system and the participant in the
3 delivery of those efficiency measures and including avoided
4 costs associated with reduced use of natural gas or other
5 fuels, avoided costs associated with reduced water
6 consumption, avoided costs associated with reduced operation
7 and maintenance costs, and avoided societal costs associated
8 with reductions in greenhouse gas emissions, as well as other
9 quantifiable societal benefits, to the sum of all incremental
10 costs of end-use measures that are implemented due to the
11 program (including both utility and participant
12 contributions), plus costs to administer, deliver, and
13 evaluate each demand-side program, to quantify the net savings
14 obtained by substituting the demand-side program for supply
15 resources. The societal costs associated with greenhouse gas
16 emissions shall be \$200 per short ton, expressed in 2025
17 dollars or the most recently approved estimate developed by
18 the federal government using a real discount rate consistent
19 with long-term Treasury bond yields, whichever is greater.
20 Changes in greenhouse gas emissions due to changes in
21 electricity consumption shall be estimated using long-run
22 marginal emissions rates developed by the National Renewable
23 Energy Laboratory's Cambium model or other Illinois-specific
24 modeling of comparable analytical rigor. In discounting future
25 costs and benefits for the purpose of calculating net present
26 values, a societal discount rate based on actual, long-term

1 Treasury bond yields should be used. Notwithstanding anything
2 to the contrary, the TRC test shall not include or take into
3 account a calculation of market price suppression effects or
4 demand reduction induced price effects.

5 "Utility-scale solar project" means an electric generating
6 facility that:

7 (1) generates electricity using photovoltaic cells;
8 and

9 (2) has a nameplate capacity that is greater than
10 5,000 kilowatts alternating current (AC).

11 "Utility-scale wind project" means an electric generating
12 facility that:

13 (1) generates electricity using wind; and

14 (2) has a nameplate capacity that is greater than
15 5,000 kilowatts.

16 "Waste Heat to Power Systems" means systems that capture
17 and generate electricity from energy that would otherwise be
18 lost to the atmosphere without the use of additional fuel.

19 "Zero emission credit" means a tradable credit that
20 represents the environmental attributes of one megawatt hour
21 of energy produced from a zero emission facility.

22 "Zero emission facility" means a facility that: (1) is
23 fueled by nuclear power; and (2) is interconnected with PJM
24 Interconnection, LLC or the Midcontinent Independent System
25 Operator, Inc., or their successors.

26 (Source: P.A. 103-154, eff. 6-28-23; 103-380, eff. 1-1-24;

1 104-458, eff. 6-1-26.)

2 (20 ILCS 3855/1-79 new)

3 Sec. 1-79. Thermal Energy Storage Credit procurement
4 program.

5 (a) For purposes of this Section, "thermal energy storage
6 credit" means the verified capacity and load-shifting value of
7 dispatchable thermal energy storage that reduced coincident
8 electric demand or shifts electric load during
9 Commission-approved performance windows.

10 (b) The Agency shall establish and administer a Thermal
11 Energy Storage Credit procurement program for eligible
12 dispatchable thermal energy projects.

13 (c) The Agency shall procure Thermal Energy Storage
14 Credits through competitive solicitations and shall use a
15 standard form contract approved by the Commission for the
16 purchase of such Credits from eligible projects.

17 (d) Thermal energy storage credit contracts shall have a
18 15-year delivery term beginning on the project's commercial
19 operation date, as verified pursuant to subsection (g).

20 (e) The Agency may offer alternative delivery terms of:

21 (1) a 10-year delivery term for eligible projects,
22 including, but not limited to, behind-the-meter
23 installations or other resources for which a shorter term
24 is sufficient to enable financing and participation; and

25 (2) a delivery term of up to 20 years for

1 district-scale or infrastructure-like projects, including
2 dispatchable thermal energy storage installed as part of a
3 district energy system or thermal energy network serving
4 multiple buildings or an identified public anchor load,
5 subject to objective eligibility criteria and annual
6 procurement limits established by the Agency.

7 (f) Contracts shall specify the contracted quantity,
8 performance requirements, settlement procedures, and annual
9 true-up provisions.

10 (g) The Agency, in consultation with the Commission and
11 affected utilities, shall establish measure and verification
12 requirements sufficient to validate claimed peak demand
13 reduction and load shifting, including the use of interval
14 meter data and auditable telemetry, where appropriate.

15 (h) Contracts shall include annual true-up mechanisms to
16 reconcile payments with verified performance and shall specify
17 remedies for underperformance, including repayment, future
18 delivery make-up, or reduced future payments.

19 (i) A seller may assign as collateral, for purposes of
20 securing project financing, its right to receive payments
21 under a thermal energy storage contract to a lender or other
22 financing party, subject to notice to and acknowledgment by
23 the Agency, in accordance with the standard contract.

24 (j) Any assignment shall not relieve the seller of
25 performance obligations unless the Agency, in its discretion
26 and consistent with the standard contract, consents to a

1 substitution of the seller by an approved successor entity.

2 (k) The standard contract may include lender step-in and
3 cure provisions, including a limited period for a secured
4 party to cure defaults, or to propose a qualified replacement
5 seller, as long as such provisions do not materially increase
6 program risk.

7 (l) The Agency, in consultation with the Commission, shall
8 adopt rules or procurement guidelines necessary to implement
9 this Section.

10 (m) The Agency, in consultation with the Commission and
11 affected utilities, shall establish measurement and
12 verification requirements sufficient to validate claimed peak
13 reduction and load-shifting benefits, including the use of
14 interval meter data and auditable telemetry, where applicable.

15 (1) Measurement and verification requirements may
16 include:

17 (A) the use of interval meter data;

18 (B) auditable telemetry and control system data;

19 (C) defined performance windows and baseline
20 methodologies; and

21 (D) data quality, retention, and audit
22 requirements.

23 (2) The Agency shall specify measurement and
24 verification requirements through rulemaking or
25 procurement guidelines.

26 (n) As a condition of contract execution or award

1 acceptance, and prior to the commencement of deliveries, the
2 seller shall post development security in a form and amount
3 determined by the Agency to ensure timely project completion.

4 (1) Acceptable forms of development security may
5 include cash escrow, an irrevocable standby letter of
6 credit, a surety bond, or other forms as the Agency
7 determines provide equivalent protection.

8 (2) Development security shall be released upon the
9 Agency's verification of commercial operation and
10 operational certification, except to the extent applied to
11 satisfy amounts due under the contract.

12 (o) As a condition of receiving payments under a Thermal
13 Energy Storage Credit contract, the seller shall maintain
14 performance assurance during the delivery term in a form and
15 amount sufficient to secure the seller's performance and
16 true-up obligations.

17 (1) Acceptable forms of performance assurance may
18 include cash escrow, an irrevocable standby letter of
19 credit issued by a qualified financial institution, a
20 surety bond, or, for Sellers meeting objective credit
21 standards established by the Agency, a parent guaranty or
22 other credit support acceptable to the Agency.

23 (2) The Agency shall establish sizing performance
24 bands for performance assurance that are reasonably
25 related to expected payment exposure and underperformance
26 risk. Such sizing performance bands may be expressed as a

1 fixed dollar amount, a per-kW amount, a percentage of
2 expected annual contract value, or an amount equal to a
3 specified number of months of expected payments.

4 (p) The Agency shall provide for a reduction of
5 performance assurance amounts after demonstrated compliance
6 over a defined period and may provide alternative mechanisms
7 such as a retainage or payment withheld in lieu of a portion of
8 posted security, provided the mechanism maintains equivalent
9 protection.

10 (1) The Agency may reduce performance assurance
11 requirements where the project is supported by Illinois
12 Finance Authority credit enhancement, other State-backed
13 credit support, or other security acceptable to the Agency
14 that provides equivalent protection.

15 (2) The Agency may draw upon development security or
16 performance assurance to recover amounts owed under the
17 contract, including liquidated damages, refunds, or
18 true-up amounts due to under-delivery, misrepresentation,
19 failure to maintain required metering or telemetry, or
20 other material breach.

21 (3) If the Agency draws upon posted security, the
22 seller shall replenish the security to the required level
23 within a period specified in the contract, unless the
24 Agency approves an alternative cure plan or replacement
25 security.

26 (q) The contract shall:

1 (1) include an annual true-up process to reconcile
2 paid amounts with verified performance, including
3 treatment of baseline adjustments, metering corrections,
4 and data validation.

5 (2) specify how performance shortfalls are handled,
6 which may include repayment, future delivery make-up,
7 reduced future payments, or other remedies, and specify
8 any limits or caps on remedies as appropriate to maintain
9 finance ability while protecting the program.

10 (3) include cure periods for certain defaults,
11 including for metering or telemetry outages, data
12 submission failures, or other technical noncompliance, and
13 may include a temporary suspension of payments during
14 cure.

15 (r) The Agency shall establish rules to prevent double
16 counting of the same verified peak reduction or load shifting
17 performance for multiple State-administered credits or
18 utility-administered incentives during the same performance
19 interval, while permitting reasonable stacking where distinct
20 services are provided or where performance is not claimed more
21 than once.

22 Section 100. The Illinois Procurement Code is amended by
23 adding Sections 20-61 and 20-66 as follows:

24 (30 ILCS 500/20-61 new)

1 Sec. 20-61. District energy evaluation in State
2 procurements.

3 (a) Any requests for proposals, request for
4 qualifications, or other competitive solicitations issued by
5 the State for the following shall require proposers to
6 evaluate district energy system options where the project
7 includes buildings or facilities with an aggregate gross floor
8 area exceeding 300,000 square feet or where otherwise
9 determined appropriate by the procuring agency:

10 (1) campus development;

11 (2) mixed-use redevelopment;

12 (3) large-scale building construction or renovation;

13 or

14 (4) disposition or redevelopment of State-owned land
15 for economic development purposes.

16 (b) The evaluation under subsection (a) shall include:

17 (1) A District Energy Feasibility Assessment prepared
18 by a qualified entity; and

19 (2) A narrative describing whether district energy
20 systems or dispatchable thermal energy storage were
21 evaluated or incorporated into the proposed budget.

22 (c) Nothing in this Section requires a procuring agency to
23 select a proposal that includes a district energy system, if
24 the agency determines that such a system is not cost-effective
25 or otherwise in the best interest of the State.

1 (30 ILCS 500/20-66 new)

2 Sec. 20-66. District energy evaluation in State-led
3 development procurements.

4 (a) Any requests for proposals, requests for
5 qualifications, or other competitive solicitations issued by
6 or on behalf of the State for campus development, mixed-use
7 redevelopment, industrial parks, economic districts, or the
8 development, redevelopment, or disposition of State-owned land
9 shall require proposers to submit the following:

10 (1) A District Energy Feasibility Assessment prepared
11 in accordance with applicable State standards; and

12 (2) A narrative describing how district energy
13 statements and dispatchable thermal energy storage were
14 evaluated or incorporated in the proposed project.

15 (b) The requirements of subsection (a) apply only to
16 projects that include buildings or facilities with an
17 aggregate gross floor area exceeding 300,000 square feet or
18 that are otherwise identified by the procuring agency as
19 suitable for district energy evaluation.

20 (c) Nothing in this Section requires to the State to
21 select a proposal that includes a district energy system or a
22 dispatchable thermal energy system if the procuring agency
23 determines that such inclusion is not cost-effective or
24 otherwise in the best interest of the State.

25 Section 105. The Use Tax Act is amended by changing

1 Section 3-5 as follows:

2 (35 ILCS 105/3-5)

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

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

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

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

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

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

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

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

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

11 (7) Farm chemicals.

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

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

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

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

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

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

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

1 to, the collection, monitoring, and correlation of animal and
2 crop data for the purpose of formulating animal diets and
3 agricultural chemicals.

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

7 This item (11) is exempt from the provisions of Section
8 3-90.

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

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

26 (13) Proceeds of mandatory service charges separately

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

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

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

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

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

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

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

1 July 1, 2019. The exemption provided by this paragraph (18)
2 does not include machinery and equipment used in (i) the
3 generation of electricity for wholesale or retail sale; (ii)
4 the generation or treatment of natural or artificial gas for
5 wholesale or retail sale that is delivered to customers
6 through pipes, pipelines, or mains; or (iii) the treatment of
7 water for wholesale or retail sale that is delivered to
8 customers through pipes, pipelines, or mains. The provisions
9 of Public Act 98-583 are declaratory of existing law as to the
10 meaning and scope of this exemption. Beginning on July 1,
11 2017, the exemption provided by this paragraph (18) includes,
12 but is not limited to, graphic arts machinery and equipment,
13 as defined in paragraph (6) of this Section.

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

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

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

1 provisions of Section 3-90, and the exemption provided for
2 under this item (21) applies for all periods beginning May 30,
3 1995, but no claim for credit or refund is allowed on or after
4 January 1, 2008 for such taxes paid during the period
5 beginning May 30, 2000 and ending on January 1, 2008.

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

1 for any reason, the lessor is liable to pay that amount to the
2 Department.

3 (23) Personal property purchased by a lessor who leases
4 the property, under a lease of one year or longer executed or
5 in effect at the time the lessor would otherwise be subject to
6 the tax imposed by this Act, to a governmental body that has
7 been issued an active sales tax exemption identification
8 number by the Department under Section 1g of the Retailers'
9 Occupation Tax Act. If the property is leased in a manner that
10 does not qualify for this exemption or used in any other
11 non-exempt manner, the lessor shall be liable for the tax
12 imposed under this Act or the Service 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 Service Use Tax Act, as the case may be, if the tax
18 has not been paid by the lessor. If a lessor improperly
19 collects any such amount from the lessee, the lessee shall
20 have a legal right to claim a refund of that amount from the
21 lessor. If, however, that amount is not refunded to the lessee
22 for any reason, the lessor is liable to pay that amount to the
23 Department.

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

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

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

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

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

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

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

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

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

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

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

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

1 Section 3-90.

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

25 (33) On and after July 1, 2003 and through June 30, 2004,
26 the use in this State of motor vehicles of the second division

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

18 (34) 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 3-90.

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

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

9 The exemption does not include aircraft operated by a
10 commercial air carrier providing scheduled passenger air
11 service pursuant to authority issued under Part 121 or Part
12 129 of the Federal Aviation Regulations. The changes made to
13 this paragraph (35) by Public Act 98-534 are declarative of
14 existing law. It is the intent of the General Assembly that the
15 exemption under this paragraph (35) applies continuously from
16 January 1, 2010 through December 31, 2024; however, no claim
17 for credit or refund is allowed for taxes paid as a result of
18 the disallowance of this exemption on or after January 1, 2015
19 and prior to February 5, 2020 (the effective date of Public Act
20 101-629).

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

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

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

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

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

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

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

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

16 For the purposes of this item (40):

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

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

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

22 This item (40) is exempt from the provisions of Section
23 3-90.

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

1 used in this item (41):

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

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

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

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

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

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

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

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

1 the exemption in their records for a period of not less than 6
2 years. "Armed forces of the United States" means the United
3 States Army, Navy, Air Force, Space Force, Marine Corps, or
4 Coast Guard. This paragraph is exempt from the provisions of
5 Section 3-90.

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

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

19 (46) Use by the lessee of the following leased tangible
20 personal property:

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

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

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

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

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

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

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

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

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

26 (2) property that is subject to a tax on lease

1 receipts imposed by a home rule unit of local government
2 if the ordinance imposing that tax was adopted prior to
3 January 1, 2023.

4 (47) Beginning on January 1, 2027, tangible personal
5 property that is eligible property, as defined in the District
6 Energy and Thermal Energy Storage Parity Act, and that is
7 purchased for incorporation into or primarily used for the
8 construction, installation, or operation of Qualified District
9 Energy Infrastructure or Dispatchable Thermal Energy Storage,
10 as defined by the District Energy and Thermal Energy Storage
11 Parity Act. This item (47) is exempt from the provisions of
12 Section 3-90.

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

18 Section 110. The Service Use Tax Act is amended by
19 changing Section 3-5 as follows:

20 (35 ILCS 110/3-5)

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

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

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

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

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

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

1 country, and bullion.

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

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

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

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

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

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

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

1 primarily for production agriculture.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 For the purposes of this item (31):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 the license will comply with this requirement;

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

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

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

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

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

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

1 January 1, 2023.

2 (39) Beginning on January 1, 2027, tangible personal
3 property that is eligible property, as defined in the District
4 Energy and Thermal Energy Storage Parity Act, and that is
5 purchased for incorporation into or primarily used for the
6 construction, installation, or operation of Qualified District
7 Energy Infrastructure or Dispatchable Thermal Energy Storage,
8 as defined by the District Energy and Thermal Energy Storage
9 Parity Act. This item (39) is exempt from the provisions of
10 Section 3-75.

11 (Source: P.A. 103-9, Article 5, Section 5-10, eff. 6-7-23;
12 103-9, Article 15, Section 15-10, eff. 6-7-23; 103-154, eff.
13 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
14 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
15 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-417, eff.
16 8-15-25.)

17 Section 115. The Service Occupation Tax Act is amended by
18 changing Section 3-5 as follows:

19 (35 ILCS 115/3-5)

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

22 (1) Personal property sold by a corporation, society,
23 association, foundation, institution, or organization, other
24 than a limited liability company, that is organized and

1 operated as a not-for-profit service enterprise for the
2 benefit of persons 65 years of age or older if the personal
3 property was not purchased by the enterprise for the purpose
4 of resale by the enterprise.

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

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

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

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

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

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

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

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

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

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

1 This item (7) is exempt from the provisions of Section
2 3-55.

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

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

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

1 imposed.

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

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

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

1 16, 2013 (the effective date of Public Act 98-456).

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

15 (14) Semen used for artificial insemination of livestock
16 for direct agricultural production.

17 (15) Horses, or interests in horses, registered with and
18 meeting the requirements of any of the Arabian Horse Club
19 Registry of America, Appaloosa Horse Club, American Quarter
20 Horse Association, United States Trotting Association, or
21 Jockey Club, as appropriate, used for purposes of breeding or
22 racing for prizes. This item (15) is exempt from the
23 provisions of Section 3-55, and the exemption provided for
24 under this item (15) applies for all periods beginning May 30,
25 1995, but no claim for credit or refund is allowed on or after
26 January 1, 2008 (the effective date of Public Act 95-88) for

1 such taxes paid during the period beginning May 30, 2000 and
2 ending on January 1, 2008 (the effective date of Public Act
3 95-88).

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

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

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

19 (21) 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 (22) 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 3-55.

26 (23) 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 3-55.

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

20 (25) Beginning on August 2, 2001 (the effective date of
21 Public Act 92-227), personal property sold to a lessor who
22 leases the property, under a lease of one year or longer
23 executed or in effect at the time of the purchase, to a
24 governmental body 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 (26) Beginning on January 1, 2002 and through June 30,
3 2016, tangible personal property purchased from an Illinois
4 retailer by a taxpayer engaged in centralized purchasing
5 activities in Illinois who will, upon receipt of the property
6 in Illinois, temporarily store the property in Illinois (i)
7 for the purpose of subsequently transporting it outside this
8 State for use or consumption thereafter solely outside this
9 State or (ii) for the purpose of being processed, fabricated,
10 or manufactured into, attached to, or incorporated into other
11 tangible personal property to be transported outside this
12 State and thereafter used or consumed solely outside this
13 State. The Director of Revenue shall, pursuant to rules
14 adopted in accordance with the Illinois Administrative
15 Procedure Act, issue a permit to any taxpayer in good standing
16 with the Department who is eligible for the exemption under
17 this paragraph (26). The permit issued under this paragraph
18 (26) shall authorize the holder, to the extent and in the
19 manner specified in the rules adopted under this Act, to
20 purchase tangible personal property from a retailer exempt
21 from the taxes imposed by this Act. Taxpayers shall maintain
22 all necessary books and records to substantiate the use and
23 consumption of all such tangible personal property outside of
24 the State of Illinois.

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

1 supply, as defined under Section 3.145 of the Environmental
2 Protection Act, that is operated by a not-for-profit
3 corporation that holds a valid water supply permit issued
4 under Title IV of the Environmental Protection Act. This
5 paragraph is exempt from the provisions of Section 3-55.

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

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

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

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

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

10 The changes made to this paragraph (29) by Public Act
11 98-534 are declarative of existing law. It is the intent of the
12 General Assembly that the exemption under this paragraph (29)
13 applies continuously from January 1, 2010 through December 31,
14 2024; however, no claim for credit or refund is allowed for
15 taxes paid as a result of the disallowance of this exemption on
16 or after January 1, 2015 and prior to February 5, 2020 (the
17 effective date of Public Act 101-629).

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

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

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

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

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

16 For the purposes of this item (32):

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

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

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

22 This item (32) is exempt from the provisions of Section
23 3-55.

24 (33) Beginning July 1, 2022, breast pumps, breast pump
25 collection and storage supplies, and breast pump kits. This
26 item (33) is exempt from the provisions of Section 3-55. As

1 used in this item (33):

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

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

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

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

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

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

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

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

1 the exemption in their records for a period of not less than 6
2 years. "Armed forces of the United States" means the United
3 States Army, Navy, Air Force, Space Force, Marine Corps, or
4 Coast Guard. This paragraph is exempt from the provisions of
5 Section 3-55.

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

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

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

1 use cannabis, soft drinks, candy, and food that has been
2 prepared for immediate consumption). This item (38) is exempt
3 from the provisions of Section 3-55.

4 (39) The lease of the following tangible personal
5 property:

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

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

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

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

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

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

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

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

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

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

15 (40) Beginning on January 1, 2027, tangible personal
16 property that is eligible property, as defined in the District
17 Energy and Thermal Energy Storage Parity Act, and that is
18 purchased for incorporation into or primarily used for the
19 construction, installation, or operation of Qualified District
20 Energy Infrastructure or Dispatchable Thermal Energy Storage,
21 as defined by the District Energy and Thermal Energy Storage
22 Parity Act. This item (40) is exempt from the provisions of
23 Section 3-55.

24 (Source: P.A. 103-9, Article 5, Section 5-15, eff. 6-7-23;
25 103-9, Article 15, Section 15-15, eff. 6-7-23; 103-154, eff.
26 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,

1 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
2 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-417, eff.
3 8-15-25.)

4 Section 120. The Retailers' Occupation Tax Act is amended
5 by changing Section 2-5 as follows:

6 (35 ILCS 120/2-5)

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

11 (1) Farm chemicals.

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (10) Personal property sold by a corporation, society,
26 association, foundation, institution, or organization,

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

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

22 (12) (Blank).

23 (12-5) On and after July 1, 2003 and through June 30,
24 2004, motor vehicles of the second division with a gross
25 vehicle weight in excess of 8,000 pounds that are subject
26 to the commercial distribution fee imposed under Section

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

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

25 (14) Machinery and equipment that will be used by the
26 purchaser, or a lessee of the purchaser, primarily in the

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

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

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

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

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

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

23 (19) Until July 1, 2003, oil field exploration,
24 drilling, and production equipment, including (i) rigs and
25 parts of rigs, rotary rigs, cable tool rigs, and workover
26 rigs, (ii) pipe and tubular goods, including casing and

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

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

13 (21) Until July 1, 2028, coal and aggregate
14 exploration, mining, off-highway hauling, processing,
15 maintenance, and reclamation equipment, including
16 replacement parts and equipment, and including equipment
17 purchased for lease, but excluding motor vehicles required
18 to be registered under the Illinois Vehicle Code. The
19 changes made to this Section by Public Act 97-767 apply on
20 and after July 1, 2003, but no claim for credit or refund
21 is allowed on or after August 16, 2013 (the effective date
22 of Public Act 98-456) for such taxes paid during the
23 period beginning July 1, 2003 and ending on August 16,
24 2013 (the effective date of Public Act 98-456).

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

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

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

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

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

26 (25) Except as provided in items (25-5) and (25-6) of

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

13 (25-5) The exemption under item (25) does not apply if
14 the state in which the motor vehicle will be titled does
15 not allow a reciprocal exemption for a motor vehicle sold
16 and delivered in that state to an Illinois resident but
17 titled in Illinois. The tax collected under this Act on
18 the sale of a motor vehicle in this State to a resident of
19 another state that does not allow a reciprocal exemption
20 shall be imposed at a rate equal to the state's rate of tax
21 on taxable property in the state in which the purchaser is
22 a resident, except that the tax shall not exceed the tax
23 that would otherwise be imposed under this Act. At the
24 time of the sale, the purchaser shall execute a statement,
25 signed under penalty of perjury, of his or her intent to
26 title the vehicle in the state in which the purchaser is a

1 resident within 30 days after the sale and of the fact of
2 the payment to the State of Illinois of tax in an amount
3 equivalent to the state's rate of tax on taxable property
4 in his or her state of residence and shall submit the
5 statement to the appropriate tax collection agency in his
6 or her state of residence. In addition, the retailer must
7 retain a signed copy of the statement in his or her
8 records. Nothing in this item shall be construed to
9 require the removal of the vehicle from this state
10 following the filing of an intent to title the vehicle in
11 the purchaser's state of residence if the purchaser titles
12 the vehicle in his or her state of residence within 30 days
13 after the date of sale. The tax collected under this Act in
14 accordance with this item (25-5) shall be proportionately
15 distributed as if the tax were collected at the 6.25%
16 general rate imposed under this Act.

17 (25-6) There is a rebuttable presumption that the
18 exemption under item (25) does not apply if the purchaser
19 is a limited liability company and a member of the limited
20 liability company is a resident of Illinois. This
21 presumption may be rebutted by other evidence, such as
22 evidence the motor vehicle is insured at a garaging or
23 storage address outside Illinois or other evidence of the
24 physical address at which the motor vehicle will be
25 permanently stored or garaged outside Illinois.

26 (25-7) Beginning on July 1, 2007, no tax is imposed

1 under this Act on the sale of an aircraft, as defined in
2 Section 3 of the Illinois Aeronautics Act, if all of the
3 following conditions are met:

4 (1) the aircraft leaves this State within 15 days
5 after the later of either the issuance of the final
6 billing for the sale of the aircraft, or the
7 authorized approval for return to service, completion
8 of the maintenance record entry, and completion of the
9 test flight and ground test for inspection, as
10 required by 14 CFR 91.407;

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

13 (3) the seller retains in his or her books and
14 records and provides to the Department a signed and
15 dated certification from the purchaser, on a form
16 prescribed by the Department, certifying that the
17 requirements of this item (25-7) are met. The
18 certificate must also include the name and address of
19 the purchaser, the address of the location where the
20 aircraft is to be titled or registered, the address of
21 the primary physical location of the aircraft, and
22 other information that the Department may reasonably
23 require.

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

25 "Based in this State" means hangared, stored, or
26 otherwise used, excluding post-sale customizations as

1 defined in this Section, for 10 or more days in each
2 12-month period immediately following the date of the sale
3 of the aircraft.

4 "Registered in this State" means an aircraft
5 registered with the Department of Transportation,
6 Aeronautics Division, or titled or registered with the
7 Federal Aviation Administration to an address located in
8 this State.

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

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

13 (27) Horses, or interests in horses, registered with
14 and meeting the requirements of any of the Arabian Horse
15 Club Registry of America, Appaloosa Horse Club, American
16 Quarter Horse Association, United States Trotting
17 Association, or Jockey Club, as appropriate, used for
18 purposes of breeding or racing for prizes. This item (27)
19 is exempt from the provisions of Section 2-70, and the
20 exemption provided for under this item (27) applies for
21 all periods beginning May 30, 1995, but no claim for
22 credit or refund is allowed on or after January 1, 2008
23 (the effective date of Public Act 95-88) for such taxes
24 paid during the period beginning May 30, 2000 and ending
25 on January 1, 2008 (the effective date of Public Act
26 95-88).

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

9 (29) Personal property sold to a lessor who leases the
10 property, under a lease of one year or longer executed or
11 in effect at the time of the purchase, to a governmental
12 body that has been issued an active tax exemption
13 identification number by the Department under Section 1g
14 of this Act.

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

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

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

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

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

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

11 (34) Beginning January 1, 2000, personal property,
12 including food, purchased through fundraising events for
13 the benefit of a public or private elementary or secondary
14 school, a group of those schools, or one or more school
15 districts if the events are sponsored by an entity
16 recognized by the school district that consists primarily
17 of volunteers and includes parents and teachers of the
18 school children. This paragraph does not apply to
19 fundraising events (i) for the benefit of private home
20 instruction or (ii) for which the fundraising entity
21 purchases the personal property sold at the events from
22 another individual or entity that sold the property for
23 the purpose of resale by the fundraising entity and that
24 profits from the sale to the fundraising entity. This
25 paragraph is exempt from the provisions of Section 2-70.

26 (35) Beginning January 1, 2000 and through December

1 31, 2001, new or used automatic vending machines that
2 prepare and serve hot food and beverages, including
3 coffee, soup, and other items, and replacement parts for
4 these machines. Beginning January 1, 2002 and through June
5 30, 2003, machines and parts for machines used in
6 commercial, coin-operated amusement and vending business
7 if a use or occupation tax is paid on the gross receipts
8 derived from the use of the commercial, coin-operated
9 amusement and vending machines. This paragraph is exempt
10 from the provisions of Section 2-70.

11 (35-5) Beginning August 23, 2001 and through June 30,
12 2016, food for human consumption that is to be consumed
13 off the premises where it is sold (other than alcoholic
14 beverages, soft drinks, and food that has been prepared
15 for immediate consumption) and prescription and
16 nonprescription medicines, drugs, medical appliances, and
17 insulin, urine testing materials, syringes, and needles
18 used by diabetics, for human use, when purchased for use
19 by a person receiving medical assistance under Article V
20 of the Illinois Public Aid Code who resides in a licensed
21 long-term care facility, as defined in the Nursing Home
22 Care Act, or a licensed facility as defined in the ID/DD
23 Community Care Act, the MC/DD Act, or the Specialized
24 Mental Health Rehabilitation Act of 2013.

25 (36) Beginning August 2, 2001, computers and
26 communications equipment utilized for any hospital purpose

1 and equipment used in the diagnosis, analysis, or
2 treatment of hospital patients sold to a lessor who leases
3 the equipment, under a lease of one year or longer
4 executed or in effect at the time of the purchase, to a
5 hospital that has been issued an active tax exemption
6 identification number by the Department under Section 1g
7 of this Act. This paragraph is exempt from the provisions
8 of Section 2-70.

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

16 (38) Beginning on January 1, 2002 and through June 30,
17 2016, tangible personal property purchased from an
18 Illinois retailer by a taxpayer engaged in centralized
19 purchasing activities in Illinois who will, upon receipt
20 of the property in Illinois, temporarily store the
21 property in Illinois (i) for the purpose of subsequently
22 transporting it outside this State for use or consumption
23 thereafter solely outside this State or (ii) for the
24 purpose of being processed, fabricated, or manufactured
25 into, attached to, or incorporated into other tangible
26 personal property to be transported outside this State and

1 thereafter used or consumed solely outside this State. The
2 Director of Revenue shall, pursuant to rules adopted in
3 accordance with the Illinois Administrative Procedure Act,
4 issue a permit to any taxpayer in good standing with the
5 Department who is eligible for the exemption under this
6 paragraph (38). The permit issued under this paragraph
7 (38) shall authorize the holder, to the extent and in the
8 manner specified in the rules adopted under this Act, to
9 purchase tangible personal property from a retailer exempt
10 from the taxes imposed by this Act. Taxpayers shall
11 maintain all necessary books and records to substantiate
12 the use and consumption of all such tangible personal
13 property outside of the State of Illinois.

14 (39) Beginning January 1, 2008, tangible personal
15 property used in the construction or maintenance of a
16 community water supply, as defined under Section 3.145 of
17 the Environmental Protection Act, that is operated by a
18 not-for-profit corporation that holds a valid water supply
19 permit issued under Title IV of the Environmental
20 Protection Act. This paragraph is exempt from the
21 provisions of Section 2-70.

22 (40) Beginning January 1, 2010 and continuing through
23 December 31, 2029, materials, parts, equipment,
24 components, and furnishings incorporated into or upon an
25 aircraft as part of the modification, refurbishment,
26 completion, replacement, repair, or maintenance of the

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

13 Beginning January 1, 2010 and continuing through
14 December 31, 2023, this exemption applies only to the sale
15 of qualifying tangible personal property to persons who
16 modify, refurbish, complete, replace, or maintain an
17 aircraft and who (i) hold an Air Agency Certificate and
18 are empowered to operate an approved repair station by the
19 Federal Aviation Administration, (ii) have a Class IV
20 Rating, and (iii) conduct operations in accordance with
21 Part 145 of the Federal Aviation Regulations. The
22 exemption does not include aircraft operated by a
23 commercial air carrier providing scheduled passenger air
24 service pursuant to authority issued under Part 121 or
25 Part 129 of the Federal Aviation Regulations. From January
26 1, 2024 through December 31, 2029, this exemption applies

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

13 The changes made to this paragraph (40) by Public Act
14 98-534 are declarative of existing law. It is the intent
15 of the General Assembly that the exemption under this
16 paragraph (40) applies continuously from January 1, 2010
17 through December 31, 2024; however, no claim for credit or
18 refund is allowed for taxes paid as a result of the
19 disallowance of this exemption on or after January 1, 2015
20 and prior to February 5, 2020 (the effective date of
21 Public Act 101-629).

22 (41) Tangible personal property sold to 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,
26 but only if the legal title to the municipal convention

1 hall is transferred to the municipality without any
2 further consideration by or on behalf of the municipality
3 at the time of the completion of the municipal convention
4 hall or upon the retirement or redemption of any bonds or
5 other debt instruments issued by the public-facilities
6 corporation in connection with the development of the
7 municipal convention hall. This exemption includes
8 existing public-facilities corporations as provided in
9 Section 11-65-25 of the Illinois Municipal Code. This
10 paragraph is exempt from the provisions of Section 2-70.

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

13 (43) Merchandise that is subject to the Rental
14 Purchase Agreement Occupation and Use Tax. The purchaser
15 must certify that the item is purchased to be rented
16 subject to a rental-purchase agreement, as defined in the
17 Rental-Purchase Agreement Act, and provide proof of
18 registration under the Rental Purchase Agreement
19 Occupation and Use Tax Act. This paragraph is exempt from
20 the provisions of Section 2-70.

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

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

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

16 For the purposes of this item (44):

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

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

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

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

25 (45) Beginning January 1, 2020 and through December
26 31, 2020, sales of tangible personal property made by a

1 marketplace seller over a marketplace for which tax is due
2 under this Act but for which use tax has been collected and
3 remitted to the Department by a marketplace facilitator
4 under Section 2d of the Use Tax Act are exempt from tax
5 under this Act. A marketplace seller claiming this
6 exemption shall maintain books and records demonstrating
7 that the use tax on such sales has been collected and
8 remitted by a marketplace facilitator. Marketplace sellers
9 that have properly remitted tax under this Act on such
10 sales may file a claim for credit as provided in Section 6
11 of this Act. No claim is allowed, however, for such taxes
12 for which a credit or refund has been issued to the
13 marketplace facilitator under the Use Tax Act, or for
14 which the marketplace facilitator has filed a claim for
15 credit or refund under the Use Tax Act.

16 (46) Beginning July 1, 2022, breast pumps, breast pump
17 collection and storage supplies, and breast pump kits.
18 This item (46) is exempt from the provisions of Section
19 2-70. As used in this item (46):

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

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

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

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

25 "Breast pump kit" means a kit that: (1) contains no
26 more than a breast pump, breast pump collection and

1 storage supplies, a rechargeable battery for operating the
2 breast pump, a breastmilk cooler, bottle stands, ice
3 packs, and a breast pump carrying case; and (2) is
4 pre-packaged as a breast pump kit by the breast pump
5 manufacturer or distributor.

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

10 (48) Beginning on January 1, 2024, tangible personal
11 property purchased by an active duty member of the armed
12 forces of the United States who presents valid military
13 identification and purchases the property using a form of
14 payment where the federal government is the payor. The
15 member of the armed forces must complete, at the point of
16 sale, a form prescribed by the Department of Revenue
17 documenting that the transaction is eligible for the
18 exemption under this paragraph. Retailers must keep the
19 form as documentation of the exemption in their records
20 for a period of not less than 6 years. "Armed forces of the
21 United States" means the United States Army, Navy, Air
22 Force, Space Force, Marine Corps, or Coast Guard. This
23 paragraph is exempt from the provisions of Section 2-70.

24 (49) Beginning July 1, 2024, home-delivered meals
25 provided to Medicare or Medicaid recipients when payment
26 is made by an intermediary, such as a Medicare

1 Administrative Contractor, a Managed Care Organization, or
2 a Medicare Advantage Organization, pursuant to a
3 government contract. This paragraph (49) is exempt from
4 the provisions of Section 2-70.

5 (50) Beginning on January 1, 2026, as further defined
6 in Section 2-10, 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
9 adult use cannabis, soft drinks, candy, and food that has
10 been prepared for immediate consumption). This item (50)
11 is exempt from the provisions of Section 2-70.

12 (51) Gross receipts from the lease of the following
13 tangible personal property:

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

16 (A) it is evidenced by a written agreement
17 signed 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
21 can be authenticated and is attached to or
22 made part of the license will comply with this
23 requirement;

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

1 requirement;

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

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

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

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

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

1 adopted prior to January 1, 2023.

2 (52) Beginning on January 1, 2027, tangible personal
3 property that is eligible property, as defined in the
4 District Energy and Thermal Energy Storage Parity Act, and
5 that is purchased for incorporation into or primarily used
6 for the construction, installation, or operation of
7 Qualified District Energy Infrastructure or Dispatchable
8 Thermal Energy Storage, as defined by the District Energy
9 and Thermal Energy Storage Parity Act. This paragraph (52)
10 is exempt from the provisions of Section 2-70.

11 (Source: P.A. 103-9, Article 5, Section 5-20, eff. 6-7-23;
12 103-9, Article 15, Section 15-20, eff. 6-7-23; 103-154, eff.
13 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605,
14 eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25;
15 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; 104-6, eff.
16 6-16-25; 104-417, eff. 8-15-25.)

17 Section 125. The Property Tax Code is amended by adding
18 Section 18-176 as follows:

19 (35 ILCS 200/18-176 new)

20 Sec. 18-176. Commercial energy storage systems;
21 definition. "Commercial energy storage system" means equipment
22 machinery, and devices that store energy for later use,
23 including electrical chemical or thermal energy storage
24 systems, whether installed on a standalone basis or as part of

1 a larger energy or utility systems. "Commercial energy storage
2 system" includes dispatchable thermal energy storage installed
3 as part of a district energy system or thermal energy system
4 where the system is capable of measurably reducing coincident
5 electrical demand or shifting electric load and meets
6 applicable measurement and verification requirements.
7 "Commercial energy storage system" does not include energy
8 storage equipment installed exclusively for residential use.

9 Section 130. The Public Utilities Act is amended by
10 changing Section 16-107.9 and by adding Section 8-104.5 as
11 follows:

12 (220 ILCS 5/8-104.5 new)

13 Sec. 8-104.5. District energy enabling measures and heat
14 recovery incentives.

15 (a) Each electric utility and gas utility shall establish
16 or expand, subject to approval by the Commission, rebate
17 programs or other financial incentives for qualifying district
18 energy enabling measures, heat recovery, heat sharing, and
19 dispatchable thermal energy storage, including measures
20 deployed through district energy networks and thermal energy
21 networks.

22 (b) Programs under this Section shall be designed to:

23 (1) reduce greenhouse gas emissions or criteria
24 pollutants; and

1 (2) reduce coincident electric peak demand or shift
2 electric load associated with heating and cooling.

3 (c) The Commission shall evaluate and approve programs
4 under this Section using the State's total resource cost test
5 and applicable low-income provisions, as set forth in this Act
6 and in the Commission-approved Illinois Energy Efficiency
7 Policy Manual.

8 (d) In approving rebate levels and performance-based
9 incentive structures under this Section, the Commission shall
10 require utilities to reasonably reflect avoidable utility
11 system costs, including:

12 (1) avoided capacity costs associated with reduction
13 in coincident electric peak demand;

14 (2) avoided transmission and distribution costs where
15 the Commission determines the measure provides locational
16 or temporal benefits; and

17 (3) avoided energy costs and any other avoided costs
18 recognized under Commission-approved methodologies.

19 (e) In addition to the cost-effectiveness evaluation
20 required under subsection (c), the Commission may apply a
21 ratepayer impact measure consistent with Commission practice
22 for distributed energy resources and other customer programs
23 to ensure that rebate designs appropriately manage rate
24 impacts and cost-shift concerns.

25 (f) The Commission shall require programs approved under
26 this Section to include verification methodologies when

1 quantifying avoided capacity, avoided transmission, and
2 distribution costs for purposes of establishing rebate levels
3 or performance-based incentives under this Section, including
4 any avoided distribution value framework adopted in Commission
5 proceedings addressing distributed energy resource valuation
6 and compensation.

7 (g) The Commission shall require program designs under
8 this Section to include measurement and verification
9 requirements sufficient to validate claimed peak reduction and
10 load-shifting benefits, including, where appropriate, the use
11 of interval meter data and verification of operating
12 conditions during Commission-defined peak performance windows.

13 (220 ILCS 5/16-107.9)

14 (This Section may contain text from a Public Act with a
15 delayed effective date)

16 Sec. 16-107.9. Virtual power plant program.

17 (a) As used in this Section:

18 "Aggregator" means a third-party entity that participates
19 in the program, other than the electric utility or its
20 affiliate, that (i) represents and aggregates the load of
21 participating customers who collectively have the ability to
22 deploy 100 kilowatts or more of deployment of eligible devices
23 and (ii) is responsible for performance of the aggregation in
24 the program.

25 "Battery" means a behind-the-meter energy storage device

1 and associated equipment that operate together to fulfill
2 program requirements.

3 "Commission" means the Illinois Commerce Commission.

4 "Customer" means an active electric service account holder
5 of a utility.

6 "Direct participant" means a customer that enrolls in the
7 program directly with the utility, rather than participating
8 in the program through an aggregator.

9 "Distributed energy resource" has the meaning set forth in
10 Section 16-107.6.

11 "Distributed energy resources management system" means a
12 platform that may be used by distribution system operators or
13 utilities to integrate grid resources, such as distributed
14 energy resources, into system operations.

15 "Eligible device" means a customer or third party-owned
16 distributed energy resource that satisfies the requirements
17 for participation in the program as specified in the relevant
18 program rider. "Eligible device" also means any device that
19 can be controlled to respond to pricing, provide services,
20 including decrease peak electricity demand or shift demand
21 from peak to off-peak periods, or inject power to the grid.

22 "Eligible device" includes, but is not limited to,
23 behind-the-meter energy storage systems, smart thermostats,
24 electric vehicle batteries, including fleets, and distributed
25 renewable energy devices paired with one or more energy
26 storage systems.

1 "Emergency event" means an event called by the utility
2 with fewer than 24 hours notice.

3 "Energy storage system" has the meaning set forth in
4 subsection (a) of Section 16-107.6.

5 "Enrolled customer" means a customer that participates in
6 the program through either an aggregator or as a direct
7 participant.

8 "Enrolled device" means an enrolled customer's eligible
9 device, as specified in the relevant tariff.

10 "Enterprise distributed energy resources management
11 system" means a platform operated by the electric utility that
12 interfaces with a grid-edge distributed energy resources
13 management system to integrate distributed energy resources
14 into utility electric system operations.

15 "Grid-edge distributed energy resources management system"
16 means a platform owned by a party other than the electric
17 utility that may be used to integrate distributed energy
18 resources.

19 "Grid event" means a grid condition for which the utility
20 schedules or remotely dispatches enrolled devices to respond
21 to, as specified in the grid service opportunities for each
22 tariff.

23 "Grid service" means a capacity, energy, or ancillary
24 service that supports grid operations.

25 "Participating customer" means an aggregator or a direct
26 retail customer, as defined in Section 16-102, with one or

1 more eligible devices.

2 "Performance payment" means a payment made to the
3 participant based on the performance of an enrolled device
4 providing a grid service during a grid event.

5 "Performance payment rate" means the compensation rate
6 paid to participants for providing a particular grid service
7 during a grid event.

8 "Smart inverter" has the meaning set forth in subsection
9 (a) of Section 16-107.6.

10 "Upfront payment" means a one-time payment made at the
11 time of enrollment.

12 "Virtual power plant" means an aggregation of
13 behind-the-meter distributed energy resources operated in
14 coordination to provide one or more grid services.

15 (b) The General Assembly finds that:

16 (1) virtual power plants are dynamic load management
17 and energy supply resources that can support grid
18 operations, reduce ratepayer costs, and achieve other
19 important public policy goals;

20 (2) virtual power plants can reduce demand for grid
21 supplied electricity during peak periods, shift
22 electricity consumption out of peak periods, make
23 renewable energy generated during off-peak periods
24 available for use during peak periods, supply energy to
25 the grid at desired times, provide frequency regulation,
26 voltage support, and other ancillary services, reduce

1 strain on the distribution system, manage localized peaks,
2 improve system resiliency and reliability, and provide
3 other grid services;

4 (3) virtual power plants can facilitate and optimize
5 the utilization of electrical generation from wind and
6 solar energy to help utilities increase hosting capacity
7 and integrate more renewable energy resources;

8 (4) virtual power plants can reduce costs to
9 ratepayers by utilizing customer-sited resources to
10 provide grid services, avoiding or reducing reliance on
11 fossil-fuel fired peaker plants, avoiding or deferring the
12 need to construct new and more costly grid scale
13 resources, optimizing the use of existing assets, and
14 avoiding or deferring distribution and transmission system
15 upgrades and other grid investments;

16 (5) virtual power plants can promote equity by
17 reducing costs for all ratepayers, expanding access to
18 distributed energy resources among low-income and
19 moderate-income customers through improved distributed
20 energy resource finance ability, and providing other
21 important co-benefits, including reduction in emissions of
22 greenhouse gases and other pollutants, especially in
23 environmental justice and other disadvantaged communities
24 that host fossil fuel generation plants;

25 (6) the United States Department of Energy estimates
26 that the United States could deploy 80 to 160 gigawatts of

1 virtual power plants by 2030, a tripling of current
2 levels, to support the rapid electrification of vehicles
3 and homes and provide on the order of \$10,000,000,000 in
4 ratepayer savings annually. The deployment of virtual
5 power plants can provide energy cost savings and other
6 benefits to the people of Illinois;

7 (7) there are significant barriers to deployment and
8 operation of virtual power plants, including the need for
9 statutory and regulatory guidance and support, greater
10 consistency in virtual power plant programs across
11 regulatory jurisdictions, and for utility commitments to
12 incorporate the use of virtual power plants into system
13 operations and long-term resource planning;

14 (8) it is in the public interest to advance customer
15 choice and leverage the expertise of private, non-utility
16 entities to advance innovation and implement
17 cost-effective clean energy solutions; and

18 (9) the policy of Illinois shall be to maximize the
19 use of virtual power plants comprised of customer-owned
20 and third party-owned distributed energy resources to
21 deliver system services and other benefits through utility
22 administered virtual power plant programs in accordance
23 with the provisions of this amendatory Act of the 104th
24 General Assembly.

25 (c) No later than December 31, 2028, the Commission shall
26 approve at least one virtual power plant tariff for each

1 electric utility serving more than 300,000 customers in the
2 State as of January 1, 2023. Each utility shall file a tariff
3 or tariffs for approval no later than December 31, 2027 to
4 allow retail customers in the electric utility's service areas
5 to participate in a virtual power plant program proposal
6 consistent with the provisions of this Section. The Commission
7 shall provide opportunities for stakeholders to provide input
8 on the virtual power plant programs proposed for
9 implementation by each utility, which the Commission shall
10 take into consideration in its review of each utility's
11 filing. No later than one year after the utility's filing, the
12 Commission shall approve or modify and approve each utility's
13 virtual power plant program proposal for immediate
14 implementation by the utility.

15 (d) The virtual power plant program filed under subsection
16 (c) shall be developed for implementation through a tariff
17 offering with standard terms and conditions for participation.
18 The virtual power plant program tariff shall allow for
19 customers with battery storage, non-battery storage and
20 electric vehicle technologies to enroll the devices in the
21 program through aggregators or directly with the utility. The
22 virtual power plant program tariff shall:

23 (1) provide a mechanism to incorporate existing
24 programs, such as smart thermostat demand-response or
25 electric vehicle charging programs currently offered by
26 the utility, under the virtual power plant program

1 framework;

2 (2) provide grid services opportunities for each
3 eligible technology that customers and aggregators may
4 provide, which shall include, at minimum, reducing the
5 utility's applicable capacity and transmission obligations
6 and capturing daily wholesale energy arbitrage
7 opportunities through provision of grid services;

8 (3) provide additional functions and grid service
9 opportunities that the Commission determines are
10 supportive of efficient planning and operation of the
11 electrical grid, including:

12 (A) minimizing the use of fossil fuels at peak
13 times;

14 (B) local peak demand reductions;

15 (C) locational value;

16 (D) the avoidance or deferral of local
17 transmission or distribution upgrades or capacity
18 expansion;

19 (E) voltage support and other ancillary services;

20 and

21 (F) emergency grid services;

22 (4) provide operational parameters, which shall
23 include, at a minimum:

24 (A) minimum and maximum numbers of grid events for
25 which the utility may require dispatch from the
26 enrolled distributed energy resources;

- 1 (B) months of the year that grid events may occur;
- 2 (C) days of the week that grid events may occur;
- 3 (D) times of day that grid events may occur;
- 4 (E) maximum duration of grid events; and
- 5 (F) minimum day-ahead advance notification
- 6 requirement of grid events, except for emergency
- 7 events, as applicable;
- 8 (5) include provisions for aggregators to participate
- 9 in the virtual power plant program, participate in the
- 10 utility's distributed energy resource management system as
- 11 available, automatically enroll and manage their
- 12 customers' participation, receive dispatch signals and
- 13 other communications from the utility, deliver performance
- 14 measurement and verification data to the utility, and
- 15 receive virtual power plant program payments directly from
- 16 the utility;
- 17 (6) include provisions that provide a standardized
- 18 process for any eligible aggregator to enroll in the
- 19 program and authorize the eligible aggregators to manage
- 20 individual customer device participation without
- 21 additional authorizations from the utility;
- 22 (7) include provisions that allow a participating
- 23 customer with multiple eligible devices to enroll the
- 24 technologies either directly without an aggregator or
- 25 through one or more aggregators in applicable programs
- 26 under the tariff approved under this Section, provided

1 that no particular device is accounted for more than once;

2 (8) include provisions for direct participant
3 customers to participate with the utility's distributed
4 energy resource management system as available, receive
5 dispatch signals and other communications from the
6 utility, deliver performance measurement and verification
7 data to the utility, and receive virtual power plant
8 program payments directly from the utility. Any provisions
9 implementing this subpart that necessitate the
10 installation of equipment to enable direct participation
11 via the utility shall apply to customers who elect to
12 participate as a direct participant and shall not be
13 required of customers who participate via an aggregator or
14 to customers who do not participate in the virtual power
15 plant program;

16 (9) provide for measurement and verification of
17 battery non-battery, and electric vehicle technologies
18 performance directly at the device without the requirement
19 for the installation of an additional meter;

20 (10) include upfront payment or performance payment
21 compensation mechanisms for the peak reduction service, as
22 well as for non-battery and electric vehicle technologies
23 as the Commission deems appropriate. The performance
24 payment shall be based on the average capacity provided
25 during grid events. The Commission shall approve
26 additional compensation mechanisms as it determines

1 appropriate for other grid services provided under the
2 battery, non-battery and electric vehicle riders. The
3 virtual power plant program shall not assess penalties for
4 non-performance; provided, however, that the Commission
5 may approve reasonable mechanisms to disenroll customers
6 for continued non-performance;

7 (11) enable low-to-moderate income customers,
8 community-driven community solar projects, and customers
9 whose electric service has not been declared competitive
10 pursuant to Section 16-113 as of July 1, 2011 located in
11 equity investment eligible investment communities to
12 receive a higher upfront enrollment payment. The
13 Commission shall coordinate with State energy officials
14 and departments to make funding from federal programs and
15 such other sources as may be available for use in
16 providing higher upfront payments to customers classes as
17 may be approved by the Commission in accordance with this
18 subsection;

19 (12) provide that the performance payment rate
20 applicable at the time of enrollment shall be for 5 years,
21 after which time the participant may reenroll at the then
22 applicable performance payment rate for an additional
23 5-year term;

24 (13) provide for a transition of customers from the
25 scheduled dispatch program described in Section 16-107.6
26 to the virtual power plant program; and

1 (14) allow enrolled customers to participate in other
2 applicable interconnection tariffs and grid service
3 programs outside the virtual power plant program, so long
4 as it does not result in double-counting of benefits for
5 the same grid services.

6 (e) The Commission may adopt other reasonable requirements
7 for participation consistent with this subsection, provided
8 that collateral from an aggregator shall not be required for
9 participation.

10 (f) The utility may contract with a third party-owned
11 distributed energy resource management system provider to
12 assist with program implementation; however, implementation
13 shall not be delayed due to the lack of utility-owned
14 distributed energy resource management system capabilities or
15 third party-owned distributed energy resource management
16 system capabilities.

17 (g) The utility shall not send or receive dispatch signals
18 directly to or from any participating customer represented by
19 an aggregator for an event under the virtual power plant
20 program described in this Section.

21 (h) Participating aggregators shall have capabilities to
22 receive event signals from utilities or utility-contracted
23 distributed energy resources management system providers.

24 (i) Utilities shall recover reasonably and prudently
25 incurred costs to facilitate the virtual power plant program
26 approved under subsection (c), including, but not limited to,

1 distributed energy resource management systems provider and
2 other service contract costs, operations and maintenance
3 expenses, information technology costs, and other costs,
4 expenses, and investments that the Commission finds necessary
5 and prudent for the development and implementation of the
6 program. The utility shall recover the cost of virtual power
7 plant program upfront payments and performance payments and
8 such other payments made to participants through the tariff
9 filed pursuant to subsection (h) of Section 16-107.6.

10 (j) No later than January 31 of each year, each utility
11 shall file an annual report that includes, but is not limited
12 to:

13 (1) the total capacity enrolled in each program rider
14 developed in accordance with the requirements of Section,
15 broken down by technology type, customer class, and
16 aggregator and direct participant status for each grid
17 service opportunity offered in the prior calendar year;

18 (2) recommendations to increase participation in the
19 virtual power plant program; and

20 (3) any other information that the Commission may
21 require.

22 (k) Each utility shall amend existing tariffs and
23 procedures that limit the ability of customers to participate
24 in providing grid services under the program, such as
25 limitations on charging energy storage devices with grid
26 energy or exporting energy to the grid from battery discharge.

1 (1) The tariffs approved by the Commission shall not
2 reflect any additional charges, fees, or insurance
3 requirements imposed on those owning or operating
4 demand-response technologies beyond those imposed on similarly
5 situated customers that do not own or operate demand-response
6 technologies.

7 (m) As a condition of participating in the programs
8 described in this Section, prior to enrollment of a customer
9 by an aggregator, the aggregator shall disclose the following:

10 (1) the payments, expressed as an amount or a formula,
11 to be provided to the customer;

12 (2) between the aggregator and customer, who is
13 responsible for paying penalties or fees; and

14 (3) between the aggregator and customer, who is
15 responsible for posting collateral, if required.

16 Any tariff authorized by this Section shall incorporate
17 the requirements under this subsection and shall require the
18 electric utility to establish a complaint and Commission
19 notification process and, on order of the Commission, suspend
20 any aggregator repeatedly or egregiously violating such
21 requirements.

22 (n) The Commission shall initiate a proceeding to
23 establish an optional storage-enabled interconnection track
24 for eligible projects. To be eligible for the storage-enabled
25 interconnection track, a project shall:

26 (1) include dispatchable thermal energy storage, as

1 defined by law, with control and telemetry capable of
2 verifying performance; and

3 (2) commit to Commission-approved peak demand
4 reduction or load-shifting performance windows and
5 associated measurement and verification requirements.

6 In establishing the storage-enabled interconnection track,
7 the Commission shall ensure compliance with all applicable
8 reliability, safety, and non-discrimination requirements and
9 shall not waive any study required to ensure safe and reliable
10 interconnection.

11 Notwithstanding other requirements of this subsection (n),
12 the Commission may:

13 (1) streamline study sequencing;

14 (2) standardize data submittal requirements;

15 (3) establish defined timelines for utility review and
16 Commission oversight; and

17 (4) use the Commission's ombudsperson process to
18 expeditiously resolve cost estimate disputes.

19 Nothing in this subsection (n) requires a utility to
20 provide interconnection service on terms that are inconsistent
21 with Commission-approved tariffs or applicable regional
22 transmission organization rules.

23 For purposes of any Commission-approved program, tariff,
24 rider, or incentive applicable to energy storage systems,
25 dispatchable thermal energy storage that meets the definition
26 of energy storage system under this Act shall be treated as

1 eligible, on comparable terms, subject to applicable
2 measurement and verification requirements.

3 Eligibility for any State-administered incentive,
4 procurement, credit, rebate, or tariff applicable to energy
5 storage systems or demand-side resources shall not be
6 conditioned on whether a dispatchable thermal energy storage
7 project requires an electric interconnection study or
8 interconnection upgrade, as long as project meets applicable
9 measurement, verification, and performance requirements.

10 (Source: P.A. 104-458, eff. 6-1-26.)

11 Section 995. No acceleration or delay. Where this Act
12 makes changes in a statute that is represented in this Act by
13 text that is not yet or no longer in effect (for example, a
14 Section represented by multiple versions), the use of that
15 text does not accelerate or delay the taking effect of (i) the
16 changes made by this Act or (ii) provisions derived from any
17 other Public Act.

1 INDEX

2 Statutes amended in order of appearance

3 New Act

4 20 ILCS 605/6-1011 new

5 20 ILCS 605/605-106 new

6 20 ILCS 605/605-1006 new

7 20 ILCS 3501/801-40

8 20 ILCS 3855/1-10

9 20 ILCS 3855/1-79 new

10 30 ILCS 500/20-61 new

11 30 ILCS 500/20-66 new

12 35 ILCS 105/3-5

13 35 ILCS 110/3-5

14 35 ILCS 115/3-5

15 35 ILCS 120/2-5

16 35 ILCS 200/18-176 new

17 220 ILCS 5/8-104.5 new

18 220 ILCS 5/16-107.9