



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4582

by Rep. Brad Halbbrook

SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the exemption for farm machinery and equipment also includes: bailing wire; twine (including sisal and polypropylene baler twine); bale wrap (also known as silage wrap or bale film); bunker covers (also known as silage film); silage bags; underlayments and oxygen barriers; gravel and sand bags; secure covers; bale bags, sleeves, and elastic tubes; baler wire; and netwrap. Effective immediately.

LRB100 15701 HLH 33249 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

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

25 (5) Until July 1, 2003, a passenger car that is a
26 replacement vehicle to the extent that the purchase price of

1 the car is subject to the Replacement Vehicle Tax.

2 (6) 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 and
5 used, and including that manufactured on special order,
6 certified by the purchaser to be used primarily for graphic
7 arts production, and including machinery and equipment
8 purchased for lease. Equipment includes chemicals or chemicals
9 acting as catalysts but only if the chemicals or chemicals
10 acting as catalysts effect a direct and immediate change upon a
11 graphic arts product. Beginning on July 1, 2017, graphic arts
12 machinery and equipment is included in the manufacturing and
13 assembling machinery and equipment exemption under paragraph
14 (18).

15 (7) Farm chemicals.

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

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

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

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

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

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

1 Farm machinery and equipment also includes: bailing wire;
2 twine (including sisal and polypropylene baler twine); bale
3 wrap (also known as silage wrap or bale film); bunker covers
4 (also known as silage film); silage bags; underlayments and
5 oxygen barriers; gravel and sand bags; secure covers; bale
6 bags, sleeves, and elastic tubes; baler wire; and netwrap.

7 Farm machinery and equipment also includes computers,
8 sensors, software, and related equipment used primarily in the
9 computer-assisted operation of production agriculture
10 facilities, equipment, and activities such as, but not limited
11 to, the collection, monitoring, and correlation of animal and
12 crop data for the purpose of formulating animal diets and
13 agricultural chemicals. This item (11) is exempt from the
14 provisions of Section 3-90.

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

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

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

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

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

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

1 photoprocessing machinery and equipment purchased for lease.

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

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

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

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

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

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

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

1 Jockey Club, as appropriate, used for purposes of breeding or
2 racing for prizes. This item (21) is exempt from the provisions
3 of Section 3-90, and the exemption provided for under this item
4 (21) applies for all periods beginning May 30, 1995, but no
5 claim for credit or refund is allowed on or after January 1,
6 2008 for such taxes paid during the period beginning May 30,
7 2000 and ending on January 1, 2008.

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

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

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

25 (24) Beginning with taxable years ending on or after
26 December 31, 1995 and ending with taxable years ending on or

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

9 (25) Beginning with taxable years ending on or after
10 December 31, 1995 and ending with taxable years ending on or
11 before December 31, 2004, personal property that is used in the
12 performance of infrastructure repairs in this State, including
13 but not limited to municipal roads and streets, access roads,
14 bridges, sidewalks, waste disposal systems, water and sewer
15 line extensions, water distribution and purification
16 facilities, storm water drainage and retention facilities, and
17 sewage treatment facilities, resulting from a State or
18 federally declared disaster in Illinois or bordering Illinois
19 when such repairs are initiated on facilities located in the
20 declared disaster area within 6 months after the 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 Department
3 to be organized and operated exclusively for educational
4 purposes. For purposes of this exemption, "a corporation,
5 limited liability company, society, association, foundation,
6 or institution organized and operated exclusively for
7 educational purposes" means all tax-supported public schools,
8 private schools that offer systematic instruction in useful
9 branches of learning by methods common to public schools and
10 that compare favorably in their scope and intensity with the
11 course of study presented in tax-supported schools, and
12 vocational or technical schools or institutes organized and
13 operated exclusively to provide a course of study of not less
14 than 6 weeks duration and designed to prepare individuals to
15 follow a trade or to pursue a manual, technical, mechanical,
16 industrial, business, or commercial occupation.

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

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

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

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

1 Specialized Mental Health Rehabilitation Act of 2013.

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

1 Section 3-90.

2 (32) Beginning on August 2, 2001 (the effective date of
3 Public Act 92-227) ~~this amendatory Act of the 92nd General~~
4 ~~Assembly~~, personal property purchased by a lessor who leases
5 the property, under a lease of one year or longer executed or
6 in effect at the time the lessor would otherwise be subject to
7 the tax imposed by this Act, to a governmental body that has
8 been issued an active sales tax exemption identification number
9 by the Department under Section 1g of the Retailers' Occupation
10 Tax Act. If the property is leased in a manner that does not
11 qualify for this exemption or used in any other nonexempt
12 manner, the lessor shall be liable for the tax imposed under
13 this Act or the Service Use Tax Act, as the case may be, based
14 on the fair market value of the property at the time the
15 nonqualifying use occurs. No lessor shall collect or attempt to
16 collect an amount (however designated) that purports to
17 reimburse that lessor for the tax imposed by this Act or the
18 Service Use Tax Act, as the case may be, if the tax has not been
19 paid by the lessor. If a lessor improperly collects any such
20 amount from the lessee, the lessee shall have a legal right to
21 claim a refund of that amount from the lessor. If, however,
22 that amount is not refunded to the lessee for any reason, the
23 lessor is liable to pay that amount to the Department. This
24 paragraph is exempt from the provisions of 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 July
4 1, 2004 and through June 30, 2005, the use in this State of
5 motor vehicles of the second division: (i) with a gross vehicle
6 weight rating in excess of 8,000 pounds; (ii) that are subject
7 to the commercial distribution fee imposed under Section
8 3-815.1 of the Illinois Vehicle Code; and (iii) that are
9 primarily used for commercial purposes. Through June 30, 2005,
10 this exemption applies to repair and replacement parts added
11 after the initial purchase of such a motor vehicle if that
12 motor vehicle is used in a manner that would qualify for the
13 rolling stock exemption otherwise provided for in this Act. For
14 purposes of this paragraph, the term "used for commercial
15 purposes" means the transportation of persons or property in
16 furtherance of any commercial or industrial enterprise,
17 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 under
23 Title IV of the Environmental Protection Act. This paragraph is
24 exempt from the provisions of Section 3-90.

25 (35) Beginning January 1, 2010, materials, parts,
26 equipment, components, and furnishings incorporated into or

1 upon an aircraft as part of the modification, refurbishment,
2 completion, replacement, repair, or maintenance of the
3 aircraft. This exemption includes consumable supplies used in
4 the modification, refurbishment, completion, replacement,
5 repair, and maintenance of aircraft, but excludes any
6 materials, parts, equipment, components, and consumable
7 supplies used in the modification, replacement, repair, and
8 maintenance of aircraft engines or power plants, whether such
9 engines or power plants are installed or uninstalled upon any
10 such aircraft. "Consumable supplies" include, but are not
11 limited to, adhesive, tape, sandpaper, general purpose
12 lubricants, cleaning solution, latex gloves, and protective
13 films. This exemption applies only to the use of qualifying
14 tangible personal property by persons who modify, refurbish,
15 complete, repair, replace, or maintain aircraft and who (i)
16 hold an Air Agency Certificate and are empowered to operate an
17 approved repair station by the Federal Aviation
18 Administration, (ii) have a Class IV Rating, and (iii) conduct
19 operations in accordance with Part 145 of the Federal Aviation
20 Regulations. The exemption does not include aircraft operated
21 by a commercial air carrier providing scheduled passenger air
22 service pursuant to authority issued under Part 121 or Part 129
23 of the Federal Aviation Regulations. The changes made to this
24 paragraph (35) by Public Act 98-534 are declarative of existing
25 law.

26 (36) Tangible personal property purchased by a

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

14 (37) Beginning January 1, 2017, menstrual pads, tampons,
15 and menstrual cups.

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

23 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
24 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; revised 9-27-17.)

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

1 Section 3-5 as follows:

2 (35 ILCS 110/3-5)

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

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

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

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

1 of this amendatory Act of the 92nd General Assembly, however,
2 an entity otherwise eligible for this exemption shall not make
3 tax-free purchases unless it has an active identification
4 number issued by the Department.

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

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

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

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

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

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

25 Farm machinery and equipment also includes: bailing wire;
26 twine (including sisal and polypropylene baler twine); bale

1 wrap (also known as silage wrap or bale film); bunker covers
2 (also known as silage film); silage bags; underlayments and
3 oxygen barriers; gravel and sand bags; secure covers; bale
4 bags, sleeves, and elastic tubes; baler wire; and netwrap.

5 Farm machinery and equipment also includes computers,
6 sensors, software, and related equipment used primarily in the
7 computer-assisted operation of production agriculture
8 facilities, equipment, and activities such as, but not limited
9 to, the collection, monitoring, and correlation of animal and
10 crop data for the purpose of formulating animal diets and
11 agricultural chemicals. This item (7) is exempt from the
12 provisions of Section 3-75.

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

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

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

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

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

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

1 equipment purchased for lease.

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

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

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

1 General Assembly.

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

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

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

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

1 who reside within the declared disaster area.

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

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

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

1 private schools that offer systematic instruction in useful
2 branches of learning by methods common to public schools and
3 that 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 and
6 operated exclusively to provide a course of study of not less
7 than 6 weeks duration and designed to prepare individuals to
8 follow a trade or to pursue a manual, technical, mechanical,
9 industrial, business, or commercial occupation.

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

24 (22) Beginning January 1, 2000 and through December 31,
25 2001, new or used automatic vending machines that prepare and
26 serve hot food and beverages, including coffee, soup, and other

1 items, and replacement parts for these machines. Beginning
2 January 1, 2002 and through June 30, 2003, machines and parts
3 for machines used in commercial, coin-operated amusement and
4 vending business if a use or occupation tax is paid on the
5 gross receipts derived from the use of the commercial,
6 coin-operated amusement and vending machines. This paragraph
7 is exempt from the provisions of Section 3-75.

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

21 (24) Beginning on the effective date of this amendatory Act
22 of the 92nd General Assembly, computers and communications
23 equipment utilized for any hospital purpose and equipment used
24 in the diagnosis, analysis, or treatment of hospital patients
25 purchased by a lessor who leases the equipment, under a lease
26 of one year or longer executed or in effect at the time the

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

19 (25) Beginning on the effective date of this amendatory Act
20 of the 92nd General Assembly, personal property purchased by a
21 lessor who leases the property, under a lease of one year or
22 longer executed or in effect at the time the lessor would
23 otherwise be subject to the tax imposed by this Act, to a
24 governmental body that has been issued an active tax exemption
25 identification number by the Department under Section 1g of the
26 Retailers' Occupation Tax Act. If the property is leased in a

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

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

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

1 the modification, refurbishment, completion, replacement,
2 repair, and maintenance of aircraft, but excludes any
3 materials, parts, equipment, components, and consumable
4 supplies used in the modification, replacement, repair, and
5 maintenance of aircraft engines or power plants, whether such
6 engines or power plants are installed or uninstalled upon any
7 such aircraft. "Consumable supplies" include, but are not
8 limited to, adhesive, tape, sandpaper, general purpose
9 lubricants, cleaning solution, latex gloves, and protective
10 films. This exemption applies only to the use of qualifying
11 tangible personal property transferred incident to the
12 modification, refurbishment, completion, replacement, repair,
13 or maintenance of aircraft by persons who (i) hold an Air
14 Agency Certificate and are empowered to operate an approved
15 repair station by the Federal Aviation Administration, (ii)
16 have a Class IV Rating, and (iii) conduct operations in
17 accordance with Part 145 of the Federal Aviation Regulations.
18 The exemption does not include aircraft operated by a
19 commercial air carrier providing scheduled passenger air
20 service pursuant to authority issued under Part 121 or Part 129
21 of the Federal Aviation Regulations. The changes made to this
22 paragraph (27) by Public Act 98-534 are declarative of existing
23 law.

24 (28) Tangible personal property purchased by a
25 public-facilities corporation, as described in Section
26 11-65-10 of the Illinois Municipal Code, for purposes of

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

12 (29) Beginning January 1, 2017, menstrual pads, tampons,
13 and menstrual cups.

14 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
15 100-22, eff. 7-6-17.)

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

18 (35 ILCS 115/3-5)

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

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

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

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

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

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

26 (5) Until July 1, 2003 and beginning again on September 1,

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

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

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

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

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

16 Farm machinery and equipment also includes: bailing wire;
17 twine (including sisal and polypropylene baler twine); bale
18 wrap (also known as silage wrap or bale film); bunker covers
19 (also known as silage film); silage bags; underlayments and
20 oxygen barriers; gravel and sand bags; secure covers; bale
21 bags, sleeves, and elastic tubes; baler wire; and netwrap.

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

1 crop data for the purpose of formulating animal diets and
2 agricultural chemicals. This item (7) is exempt from the
3 provisions of Section 3-55.

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 conduct
7 of its business as an air common carrier, for a flight destined
8 for or returning from a location or locations outside the
9 United States without regard to previous or subsequent domestic
10 stopovers.

11 Beginning July 1, 2013, fuel and petroleum products sold to
12 or used by an air carrier, certified by the carrier to be used
13 for consumption, shipment, or storage in the conduct of its
14 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 at
17 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, to the extent that the proceeds of the
24 service charge are in fact turned over as tips or as a
25 substitute for tips to the employees who participate directly
26 in preparing, serving, hosting or cleaning up the food or

1 beverage function with respect to which the service charge is
2 imposed.

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

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

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

1 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, soft
5 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 provisions
23 of Section 3-55, and the exemption provided for under this item
24 (15) applies for all periods beginning May 30, 1995, but no
25 claim for credit or refund is allowed on or after January 1,
26 2008 (the effective date of Public Act 95-88) for such taxes

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

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

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

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

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

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

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

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

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

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

1 January 1, 2002 and through June 30, 2003, machines and parts
2 for machines used in commercial, coin-operated amusement and
3 vending business if a use or occupation tax is paid on the
4 gross receipts derived from the use of the commercial,
5 coin-operated amusement and vending machines. This paragraph
6 is exempt from the provisions of Section 3-55.

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

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

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

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

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

1 Title IV of the Environmental Protection Act. This paragraph is
2 exempt from the provisions of Section 3-55.

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

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

1 engines or power plants are installed or uninstalled upon any
2 such aircraft. "Consumable supplies" include, but are not
3 limited to, adhesive, tape, sandpaper, general purpose
4 lubricants, cleaning solution, latex gloves, and protective
5 films. This exemption applies only to the transfer of
6 qualifying tangible personal property incident to the
7 modification, refurbishment, completion, replacement, repair,
8 or maintenance of an aircraft by persons who (i) hold an Air
9 Agency Certificate and are empowered to operate an approved
10 repair station by the Federal Aviation Administration, (ii)
11 have a Class IV Rating, and (iii) conduct operations in
12 accordance with Part 145 of the Federal Aviation Regulations.
13 The exemption does not include aircraft operated by a
14 commercial air carrier providing scheduled passenger air
15 service pursuant to authority issued under Part 121 or Part 129
16 of the Federal Aviation Regulations. The changes made to this
17 paragraph (29) by Public Act 98-534 are declarative of existing
18 law.

19 (30) Beginning January 1, 2017, menstrual pads, tampons,
20 and menstrual cups.

21 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
22 100-22, eff. 7-6-17.)

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

1 (35 ILCS 120/2-5)

2 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
3 sale of the following tangible personal property are exempt
4 from the tax imposed by this Act:

5 (1) Farm chemicals.

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

26 Farm machinery and equipment shall include precision

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

8 Farm machinery and equipment also includes: baling
9 wire; twine (including sisal and polypropylene baler
10 twine); bale wrap (also known as silage wrap or bale film);
11 bunker covers (also known as silage film); silage bags;
12 underlayments and oxygen barriers; gravel and sand bags;
13 secure covers; bale bags, sleeves, and elastic tubes; baler
14 wire; and netwrap.

15 Farm machinery and equipment also includes computers,
16 sensors, software, and related equipment used primarily in
17 the computer-assisted operation of production agriculture
18 facilities, equipment, and activities such as, but not
19 limited to, the collection, monitoring, and correlation of
20 animal and crop data for the purpose of formulating animal
21 diets and agricultural chemicals. This item (2) is exempt
22 from the provisions of Section 2-70.

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

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

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

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

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

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

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

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

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

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

16 (12) (Blank).

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

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

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

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

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

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

26 (16) Petroleum products sold to a purchaser if the

1 seller is prohibited by federal law from charging tax to
2 the purchaser.

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

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

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

25 (20) Photoprocessing machinery and equipment,
26 including repair and replacement parts, both new and used,

1 including that manufactured on special order, certified by
2 the purchaser to be used primarily for photoprocessing, and
3 including photoprocessing machinery and equipment
4 purchased for lease.

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

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

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

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

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

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

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

1 drive-away permit or having the out-of-state registration
2 plates to be transferred is prima facie evidence that the
3 motor vehicle will not be titled in this State.

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

1 filing of an intent to title the vehicle in the purchaser's
2 state of residence if the purchaser titles the vehicle in
3 his or her state of residence within 30 days after the date
4 of sale. The tax collected under this Act in accordance
5 with this item (25-5) shall be proportionately distributed
6 as if the tax were collected at the 6.25% general rate
7 imposed under this Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 provisions of Section 2-70.

2 (40) Beginning January 1, 2010, materials, parts,
3 equipment, components, and furnishings incorporated into
4 or upon an aircraft as part of the modification,
5 refurbishment, completion, replacement, repair, or
6 maintenance of the aircraft. This exemption includes
7 consumable supplies used in the modification,
8 refurbishment, completion, replacement, repair, and
9 maintenance of aircraft, but excludes any materials,
10 parts, equipment, components, and consumable supplies used
11 in the modification, replacement, repair, and maintenance
12 of aircraft engines or power plants, whether such engines
13 or power plants are installed or uninstalled upon any such
14 aircraft. "Consumable supplies" include, but are not
15 limited to, adhesive, tape, sandpaper, general purpose
16 lubricants, cleaning solution, latex gloves, and
17 protective films. This exemption applies only to the sale
18 of qualifying tangible personal property to persons who
19 modify, refurbish, complete, replace, or maintain an
20 aircraft and who (i) hold an Air Agency Certificate and are
21 empowered to operate an approved repair station by the
22 Federal Aviation Administration, (ii) have a Class IV
23 Rating, and (iii) conduct operations in accordance with
24 Part 145 of the Federal Aviation Regulations. The exemption
25 does not include aircraft operated by a commercial air
26 carrier providing scheduled passenger air service pursuant

1 to authority issued under Part 121 or Part 129 of the
2 Federal Aviation Regulations. The changes made to this
3 paragraph (40) by Public Act 98-534 are declarative of
4 existing law.

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

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

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

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

4 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
5 100-22, eff. 7-6-17; 100-321, eff. 8-24-17; 100-437, eff.
6 1-1-18; revised 9-26-17.)

7 Section 99. Effective date. This Act takes effect upon
8 becoming law.