



## 100TH GENERAL ASSEMBLY

### State of Illinois

#### 2017 and 2018

##### HB5295

by Rep. Keith R. Wheeler

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/201	from Ch. 120, par. 2-201
35 ILCS 5/227 new	
35 ILCS 105/3-5	
35 ILCS 105/3-50	from Ch. 120, par. 439.3-50
35 ILCS 105/3-85	
35 ILCS 110/2	from Ch. 120, par. 439.32
35 ILCS 110/3-5	
35 ILCS 110/3-70	
35 ILCS 115/2	from Ch. 120, par. 439.102
35 ILCS 115/3-5	
35 ILCS 115/9	from Ch. 120, par. 439.109
35 ILCS 120/2-5	
35 ILCS 120/2-45	from Ch. 120, par. 441-45
35 ILCS 120/3	from Ch. 120, par. 442

Amends the Illinois Income Tax Act. Provides that the research and development applies on a permanent basis. Provides that the credit may be carried forward for a period of 20 years (instead of 5 years). Makes changes concerning the calculation of the credit. Reinstates the training expense credit. Provides that the credit shall be 2.5% of such training expenses. Creates an apprenticeship income tax credit. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the manufacturing and assembling machinery and equipment exemption includes production related tangible personal property. Provides that the exemption for coal and aggregate exploration, mining, off-highway hauling, processing, maintenance, and reclamation equipment applies on a permanent basis. Effective immediately.

LRB100 19579 HLH 34848 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 Illinois Income Tax Act is amended by  
5 changing Section 201 and by adding Section 227 as follows:

6 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

7 Sec. 201. Tax imposed.

8 (a) In general. A tax measured by net income is hereby  
9 imposed on every individual, corporation, trust and estate for  
10 each taxable year ending after July 31, 1969 on the privilege  
11 of earning or receiving income in or as a resident of this  
12 State. Such tax shall be in addition to all other occupation or  
13 privilege taxes imposed by this State or by any municipal  
14 corporation or political subdivision thereof.

15 (b) Rates. The tax imposed by subsection (a) of this  
16 Section shall be determined as follows, except as adjusted by  
17 subsection (d-1):

18 (1) In the case of an individual, trust or estate, for  
19 taxable years ending prior to July 1, 1989, an amount equal  
20 to 2 1/2% of the taxpayer's net income for the taxable  
21 year.

22 (2) In the case of an individual, trust or estate, for  
23 taxable years beginning prior to July 1, 1989 and ending

1 after June 30, 1989, an amount equal to the sum of (i) 2  
2 1/2% of the taxpayer's net income for the period prior to  
3 July 1, 1989, as calculated under Section 202.3, and (ii)  
4 3% of the taxpayer's net income for the period after June  
5 30, 1989, as calculated under Section 202.3.

6 (3) In the case of an individual, trust or estate, for  
7 taxable years beginning after June 30, 1989, and ending  
8 prior to January 1, 2011, an amount equal to 3% of the  
9 taxpayer's net income for the taxable year.

10 (4) In the case of an individual, trust, or estate, for  
11 taxable years beginning prior to January 1, 2011, and  
12 ending after December 31, 2010, an amount equal to the sum  
13 of (i) 3% of the taxpayer's net income for the period prior  
14 to January 1, 2011, as calculated under Section 202.5, and  
15 (ii) 5% of the taxpayer's net income for the period after  
16 December 31, 2010, as calculated under Section 202.5.

17 (5) In the case of an individual, trust, or estate, for  
18 taxable years beginning on or after January 1, 2011, and  
19 ending prior to January 1, 2015, an amount equal to 5% of  
20 the taxpayer's net income for the taxable year.

21 (5.1) In the case of an individual, trust, or estate,  
22 for taxable years beginning prior to January 1, 2015, and  
23 ending after December 31, 2014, an amount equal to the sum  
24 of (i) 5% of the taxpayer's net income for the period prior  
25 to January 1, 2015, as calculated under Section 202.5, and  
26 (ii) 3.75% of the taxpayer's net income for the period

1 after December 31, 2014, as calculated under Section 202.5.

2 (5.2) In the case of an individual, trust, or estate,  
3 for taxable years beginning on or after January 1, 2015,  
4 and ending prior to July 1, 2017, an amount equal to 3.75%  
5 of the taxpayer's net income for the taxable year.

6 (5.3) In the case of an individual, trust, or estate,  
7 for taxable years beginning prior to July 1, 2017, and  
8 ending after June 30, 2017, an amount equal to the sum of  
9 (i) 3.75% of the taxpayer's net income for the period prior  
10 to July 1, 2017, as calculated under Section 202.5, and  
11 (ii) 4.95% of the taxpayer's net income for the period  
12 after June 30, 2017, as calculated under Section 202.5.

13 (5.4) In the case of an individual, trust, or estate,  
14 for taxable years beginning on or after July 1, 2017, an  
15 amount equal to 4.95% of the taxpayer's net income for the  
16 taxable year.

17 (6) In the case of a corporation, for taxable years  
18 ending prior to July 1, 1989, an amount equal to 4% of the  
19 taxpayer's net income for the taxable year.

20 (7) In the case of a corporation, for taxable years  
21 beginning prior to July 1, 1989 and ending after June 30,  
22 1989, an amount equal to the sum of (i) 4% of the  
23 taxpayer's net income for the period prior to July 1, 1989,  
24 as calculated under Section 202.3, and (ii) 4.8% of the  
25 taxpayer's net income for the period after June 30, 1989,  
26 as calculated under Section 202.3.

1           (8) In the case of a corporation, for taxable years  
2 beginning after June 30, 1989, and ending prior to January  
3 1, 2011, an amount equal to 4.8% of the taxpayer's net  
4 income for the taxable year.

5           (9) In the case of a corporation, for taxable years  
6 beginning prior to January 1, 2011, and ending after  
7 December 31, 2010, an amount equal to the sum of (i) 4.8%  
8 of the taxpayer's net income for the period prior to  
9 January 1, 2011, as calculated under Section 202.5, and  
10 (ii) 7% of the taxpayer's net income for the period after  
11 December 31, 2010, as calculated under Section 202.5.

12           (10) In the case of a corporation, for taxable years  
13 beginning on or after January 1, 2011, and ending prior to  
14 January 1, 2015, an amount equal to 7% of the taxpayer's  
15 net income for the taxable year.

16           (11) In the case of a corporation, for taxable years  
17 beginning prior to January 1, 2015, and ending after  
18 December 31, 2014, an amount equal to the sum of (i) 7% of  
19 the taxpayer's net income for the period prior to January  
20 1, 2015, as calculated under Section 202.5, and (ii) 5.25%  
21 of the taxpayer's net income for the period after December  
22 31, 2014, as calculated under Section 202.5.

23           (12) In the case of a corporation, for taxable years  
24 beginning on or after January 1, 2015, and ending prior to  
25 July 1, 2017, an amount equal to 5.25% of the taxpayer's  
26 net income for the taxable year.

1           (13) In the case of a corporation, for taxable years  
2 beginning prior to July 1, 2017, and ending after June 30,  
3 2017, an amount equal to the sum of (i) 5.25% of the  
4 taxpayer's net income for the period prior to July 1, 2017,  
5 as calculated under Section 202.5, and (ii) 7% of the  
6 taxpayer's net income for the period after June 30, 2017,  
7 as calculated under Section 202.5.

8           (14) In the case of a corporation, for taxable years  
9 beginning on or after July 1, 2017, an amount equal to 7%  
10 of the taxpayer's net income for the taxable year.

11           The rates under this subsection (b) are subject to the  
12 provisions of Section 201.5.

13           (c) Personal Property Tax Replacement Income Tax.  
14 Beginning on July 1, 1979 and thereafter, in addition to such  
15 income tax, there is also hereby imposed the Personal Property  
16 Tax Replacement Income Tax measured by net income on every  
17 corporation (including Subchapter S corporations), partnership  
18 and trust, for each taxable year ending after June 30, 1979.  
19 Such taxes are imposed on the privilege of earning or receiving  
20 income in or as a resident of this State. The Personal Property  
21 Tax Replacement Income Tax shall be in addition to the income  
22 tax imposed by subsections (a) and (b) of this Section and in  
23 addition to all other occupation or privilege taxes imposed by  
24 this State or by any municipal corporation or political  
25 subdivision thereof.

26           (d) Additional Personal Property Tax Replacement Income

1 Tax Rates. The personal property tax replacement income tax  
2 imposed by this subsection and subsection (c) of this Section  
3 in the case of a corporation, other than a Subchapter S  
4 corporation and except as adjusted by subsection (d-1), shall  
5 be an additional amount equal to 2.85% of such taxpayer's net  
6 income for the taxable year, except that beginning on January  
7 1, 1981, and thereafter, the rate of 2.85% specified in this  
8 subsection shall be reduced to 2.5%, and in the case of a  
9 partnership, trust or a Subchapter S corporation shall be an  
10 additional amount equal to 1.5% of such taxpayer's net income  
11 for the taxable year.

12 (d-1) Rate reduction for certain foreign insurers. In the  
13 case of a foreign insurer, as defined by Section 35A-5 of the  
14 Illinois Insurance Code, whose state or country of domicile  
15 imposes on insurers domiciled in Illinois a retaliatory tax  
16 (excluding any insurer whose premiums from reinsurance assumed  
17 are 50% or more of its total insurance premiums as determined  
18 under paragraph (2) of subsection (b) of Section 304, except  
19 that for purposes of this determination premiums from  
20 reinsurance do not include premiums from inter-affiliate  
21 reinsurance arrangements), beginning with taxable years ending  
22 on or after December 31, 1999, the sum of the rates of tax  
23 imposed by subsections (b) and (d) shall be reduced (but not  
24 increased) to the rate at which the total amount of tax imposed  
25 under this Act, net of all credits allowed under this Act,  
26 shall equal (i) the total amount of tax that would be imposed

1 on the foreign insurer's net income allocable to Illinois for  
2 the taxable year by such foreign insurer's state or country of  
3 domicile if that net income were subject to all income taxes  
4 and taxes measured by net income imposed by such foreign  
5 insurer's state or country of domicile, net of all credits  
6 allowed or (ii) a rate of zero if no such tax is imposed on such  
7 income by the foreign insurer's state of domicile. For the  
8 purposes of this subsection (d-1), an inter-affiliate includes  
9 a mutual insurer under common management.

10 (1) For the purposes of subsection (d-1), in no event  
11 shall the sum of the rates of tax imposed by subsections  
12 (b) and (d) be reduced below the rate at which the sum of:

13 (A) the total amount of tax imposed on such foreign  
14 insurer under this Act for a taxable year, net of all  
15 credits allowed under this Act, plus

16 (B) the privilege tax imposed by Section 409 of the  
17 Illinois Insurance Code, the fire insurance company  
18 tax imposed by Section 12 of the Fire Investigation  
19 Act, and the fire department taxes imposed under  
20 Section 11-10-1 of the Illinois Municipal Code,  
21 equals 1.25% for taxable years ending prior to December 31,  
22 2003, or 1.75% for taxable years ending on or after  
23 December 31, 2003, of the net taxable premiums written for  
24 the taxable year, as described by subsection (1) of Section  
25 409 of the Illinois Insurance Code. This paragraph will in  
26 no event increase the rates imposed under subsections (b)



1 and (d).

2 (2) Any reduction in the rates of tax imposed by this  
3 subsection shall be applied first against the rates imposed  
4 by subsection (b) and only after the tax imposed by  
5 subsection (a) net of all credits allowed under this  
6 Section other than the credit allowed under subsection (i)  
7 has been reduced to zero, against the rates imposed by  
8 subsection (d).

9 This subsection (d-1) is exempt from the provisions of  
10 Section 250.

11 (e) Investment credit. A taxpayer shall be allowed a credit  
12 against the Personal Property Tax Replacement Income Tax for  
13 investment in qualified property.

14 (1) A taxpayer shall be allowed a credit equal to .5%  
15 of the basis of qualified property placed in service during  
16 the taxable year, provided such property is placed in  
17 service on or after July 1, 1984. There shall be allowed an  
18 additional credit equal to .5% of the basis of qualified  
19 property placed in service during the taxable year,  
20 provided such property is placed in service on or after  
21 July 1, 1986, and the taxpayer's base employment within  
22 Illinois has increased by 1% or more over the preceding  
23 year as determined by the taxpayer's employment records  
24 filed with the Illinois Department of Employment Security.  
25 Taxpayers who are new to Illinois shall be deemed to have  
26 met the 1% growth in base employment for the first year in

1           which they file employment records with the Illinois  
2           Department of Employment Security. The provisions added to  
3           this Section by Public Act 85-1200 (and restored by Public  
4           Act 87-895) shall be construed as declaratory of existing  
5           law and not as a new enactment. If, in any year, the  
6           increase in base employment within Illinois over the  
7           preceding year is less than 1%, the additional credit shall  
8           be limited to that percentage times a fraction, the  
9           numerator of which is .5% and the denominator of which is  
10          1%, but shall not exceed .5%. The investment credit shall  
11          not be allowed to the extent that it would reduce a  
12          taxpayer's liability in any tax year below zero, nor may  
13          any credit for qualified property be allowed for any year  
14          other than the year in which the property was placed in  
15          service in Illinois. For tax years ending on or after  
16          December 31, 1987, and on or before December 31, 1988, the  
17          credit shall be allowed for the tax year in which the  
18          property is placed in service, or, if the amount of the  
19          credit exceeds the tax liability for that year, whether it  
20          exceeds the original liability or the liability as later  
21          amended, such excess may be carried forward and applied to  
22          the tax liability of the 5 taxable years following the  
23          excess credit years if the taxpayer (i) makes investments  
24          which cause the creation of a minimum of 2,000 full-time  
25          equivalent jobs in Illinois, (ii) is located in an  
26          enterprise zone established pursuant to the Illinois

1 Enterprise Zone Act and (iii) is certified by the  
2 Department of Commerce and Community Affairs (now  
3 Department of Commerce and Economic Opportunity) as  
4 complying with the requirements specified in clause (i) and  
5 (ii) by July 1, 1986. The Department of Commerce and  
6 Community Affairs (now Department of Commerce and Economic  
7 Opportunity) shall notify the Department of Revenue of all  
8 such certifications immediately. For tax years ending  
9 after December 31, 1988, the credit shall be allowed for  
10 the tax year in which the property is placed in service,  
11 or, if the amount of the credit exceeds the tax liability  
12 for that year, whether it exceeds the original liability or  
13 the liability as later amended, such excess may be carried  
14 forward and applied to the tax liability of the 5 taxable  
15 years following the excess credit years. The credit shall  
16 be applied to the earliest year for which there is a  
17 liability. If there is credit from more than one tax year  
18 that is available to offset a liability, earlier credit  
19 shall be applied first.

20 (2) The term "qualified property" means property  
21 which:

22 (A) is tangible, whether new or used, including  
23 buildings and structural components of buildings and  
24 signs that are real property, but not including land or  
25 improvements to real property that are not a structural  
26 component of a building such as landscaping, sewer

1 lines, local access roads, fencing, parking lots, and  
2 other appurtenances;

3 (B) is depreciable pursuant to Section 167 of the  
4 Internal Revenue Code, except that "3-year property"  
5 as defined in Section 168(c)(2)(A) of that Code is not  
6 eligible for the credit provided by this subsection  
7 (e);

8 (C) is acquired by purchase as defined in Section  
9 179(d) of the Internal Revenue Code;

10 (D) is used in Illinois by a taxpayer who is  
11 primarily engaged in manufacturing, or in mining coal  
12 or fluorite, or in retailing, or was placed in service  
13 on or after July 1, 2006 in a River Edge Redevelopment  
14 Zone established pursuant to the River Edge  
15 Redevelopment Zone Act; and

16 (E) has not previously been used in Illinois in  
17 such a manner and by such a person as would qualify for  
18 the credit provided by this subsection (e) or  
19 subsection (f).

20 (3) For purposes of this subsection (e),  
21 "manufacturing" means the material staging and production  
22 of tangible personal property by procedures commonly  
23 regarded as manufacturing, processing, fabrication, or  
24 assembling which changes some existing material into new  
25 shapes, new qualities, or new combinations. For purposes of  
26 this subsection (e) the term "mining" shall have the same

1 meaning as the term "mining" in Section 613(c) of the  
2 Internal Revenue Code. For purposes of this subsection (e),  
3 the term "retailing" means the sale of tangible personal  
4 property for use or consumption and not for resale, or  
5 services rendered in conjunction with the sale of tangible  
6 personal property for use or consumption and not for  
7 resale. For purposes of this subsection (e), "tangible  
8 personal property" has the same meaning as when that term  
9 is used in the Retailers' Occupation Tax Act, and, for  
10 taxable years ending after December 31, 2008, does not  
11 include the generation, transmission, or distribution of  
12 electricity.

13 (4) The basis of qualified property shall be the basis  
14 used to compute the depreciation deduction for federal  
15 income tax purposes.

16 (5) If the basis of the property for federal income tax  
17 depreciation purposes is increased after it has been placed  
18 in service in Illinois by the taxpayer, the amount of such  
19 increase shall be deemed property placed in service on the  
20 date of such increase in basis.

21 (6) The term "placed in service" shall have the same  
22 meaning as under Section 46 of the Internal Revenue Code.

23 (7) If during any taxable year, any property ceases to  
24 be qualified property in the hands of the taxpayer within  
25 48 months after being placed in service, or the situs of  
26 any qualified property is moved outside Illinois within 48

1 months after being placed in service, the Personal Property  
2 Tax Replacement Income Tax for such taxable year shall be  
3 increased. Such increase shall be determined by (i)  
4 recomputing the investment credit which would have been  
5 allowed for the year in which credit for such property was  
6 originally allowed by eliminating such property from such  
7 computation and, (ii) subtracting such recomputed credit  
8 from the amount of credit previously allowed. For the  
9 purposes of this paragraph (7), a reduction of the basis of  
10 qualified property resulting from a redetermination of the  
11 purchase price shall be deemed a disposition of qualified  
12 property to the extent of such reduction.

13 (8) Unless the investment credit is extended by law,  
14 the basis of qualified property shall not include costs  
15 incurred after December 31, 2018, except for costs incurred  
16 pursuant to a binding contract entered into on or before  
17 December 31, 2018.

18 (9) Each taxable year ending before December 31, 2000,  
19 a partnership may elect to pass through to its partners the  
20 credits to which the partnership is entitled under this  
21 subsection (e) for the taxable year. A partner may use the  
22 credit allocated to him or her under this paragraph only  
23 against the tax imposed in subsections (c) and (d) of this  
24 Section. If the partnership makes that election, those  
25 credits shall be allocated among the partners in the  
26 partnership in accordance with the rules set forth in

1 Section 704(b) of the Internal Revenue Code, and the rules  
2 promulgated under that Section, and the allocated amount of  
3 the credits shall be allowed to the partners for that  
4 taxable year. The partnership shall make this election on  
5 its Personal Property Tax Replacement Income Tax return for  
6 that taxable year. The election to pass through the credits  
7 shall be irrevocable.

8 For taxable years ending on or after December 31, 2000,  
9 a partner that qualifies its partnership for a subtraction  
10 under subparagraph (I) of paragraph (2) of subsection (d)  
11 of Section 203 or a shareholder that qualifies a Subchapter  
12 S corporation for a subtraction under subparagraph (S) of  
13 paragraph (2) of subsection (b) of Section 203 shall be  
14 allowed a credit under this subsection (e) equal to its  
15 share of the credit earned under this subsection (e) during  
16 the taxable year by the partnership or Subchapter S  
17 corporation, determined in accordance with the  
18 determination of income and distributive share of income  
19 under Sections 702 and 704 and Subchapter S of the Internal  
20 Revenue Code. This paragraph is exempt from the provisions  
21 of Section 250.

22 (f) Investment credit; Enterprise Zone; River Edge  
23 Redevelopment Zone.

24 (1) A taxpayer shall be allowed a credit against the  
25 tax imposed by subsections (a) and (b) of this Section for  
26 investment in qualified property which is placed in service

1 in an Enterprise Zone created pursuant to the Illinois  
2 Enterprise Zone Act or, for property placed in service on  
3 or after July 1, 2006, a River Edge Redevelopment Zone  
4 established pursuant to the River Edge Redevelopment Zone  
5 Act. For partners, shareholders of Subchapter S  
6 corporations, and owners of limited liability companies,  
7 if the liability company is treated as a partnership for  
8 purposes of federal and State income taxation, there shall  
9 be allowed a credit under this subsection (f) to be  
10 determined in accordance with the determination of income  
11 and distributive share of income under Sections 702 and 704  
12 and Subchapter S of the Internal Revenue Code. The credit  
13 shall be .5% of the basis for such property. The credit  
14 shall be available only in the taxable year in which the  
15 property is placed in service in the Enterprise Zone or  
16 River Edge Redevelopment Zone and shall not be allowed to  
17 the extent that it would reduce a taxpayer's liability for  
18 the tax imposed by subsections (a) and (b) of this Section  
19 to below zero. For tax years ending on or after December  
20 31, 1985, the credit shall be allowed for the tax year in  
21 which the property is placed in service, or, if the amount  
22 of the credit exceeds the tax liability for that year,  
23 whether it exceeds the original liability or the liability  
24 as later amended, such excess may be carried forward and  
25 applied to the tax liability of the 5 taxable years  
26 following the excess credit year. The credit shall be



1 applied to the earliest year for which there is a  
2 liability. If there is credit from more than one tax year  
3 that is available to offset a liability, the credit  
4 accruing first in time shall be applied first.

5 (2) The term qualified property means property which:

6 (A) is tangible, whether new or used, including  
7 buildings and structural components of buildings;

8 (B) is depreciable pursuant to Section 167 of the  
9 Internal Revenue Code, except that "3-year property"  
10 as defined in Section 168(c)(2)(A) of that Code is not  
11 eligible for the credit provided by this subsection  
12 (f);

13 (C) is acquired by purchase as defined in Section  
14 179(d) of the Internal Revenue Code;

15 (D) is used in the Enterprise Zone or River Edge  
16 Redevelopment Zone by the taxpayer; and

17 (E) has not been previously used in Illinois in  
18 such a manner and by such a person as would qualify for  
19 the credit provided by this subsection (f) or  
20 subsection (e).

21 (3) The basis of qualified property shall be the basis  
22 used to compute the depreciation deduction for federal  
23 income tax purposes.

24 (4) If the basis of the property for federal income tax  
25 depreciation purposes is increased after it has been placed  
26 in service in the Enterprise Zone or River Edge

1           Redevelopment Zone by the taxpayer, the amount of such  
2           increase shall be deemed property placed in service on the  
3           date of such increase in basis.

4           (5) The term "placed in service" shall have the same  
5           meaning as under Section 46 of the Internal Revenue Code.

6           (6) If during any taxable year, any property ceases to  
7           be qualified property in the hands of the taxpayer within  
8           48 months after being placed in service, or the situs of  
9           any qualified property is moved outside the Enterprise Zone  
10          or River Edge Redevelopment Zone within 48 months after  
11          being placed in service, the tax imposed under subsections  
12          (a) and (b) of this Section for such taxable year shall be  
13          increased. Such increase shall be determined by (i)  
14          recomputing the investment credit which would have been  
15          allowed for the year in which credit for such property was  
16          originally allowed by eliminating such property from such  
17          computation, and (ii) subtracting such recomputed credit  
18          from the amount of credit previously allowed. For the  
19          purposes of this paragraph (6), a reduction of the basis of  
20          qualified property resulting from a redetermination of the  
21          purchase price shall be deemed a disposition of qualified  
22          property to the extent of such reduction.

23          (7) There shall be allowed an additional credit equal  
24          to 0.5% of the basis of qualified property placed in  
25          service during the taxable year in a River Edge  
26          Redevelopment Zone, provided such property is placed in

1 service on or after July 1, 2006, and the taxpayer's base  
2 employment within Illinois has increased by 1% or more over  
3 the preceding year as determined by the taxpayer's  
4 employment records filed with the Illinois Department of  
5 Employment Security. Taxpayers who are new to Illinois  
6 shall be deemed to have met the 1% growth in base  
7 employment for the first year in which they file employment  
8 records with the Illinois Department of Employment  
9 Security. If, in any year, the increase in base employment  
10 within Illinois over the preceding year is less than 1%,  
11 the additional credit shall be limited to that percentage  
12 times a fraction, the numerator of which is 0.5% and the  
13 denominator of which is 1%, but shall not exceed 0.5%.

14 (g) (Blank).

15 (h) Investment credit; High Impact Business.

16 (1) Subject to subsections (b) and (b-5) of Section 5.5  
17 of the Illinois Enterprise Zone Act, a taxpayer shall be  
18 allowed a credit against the tax imposed by subsections (a)  
19 and (b) of this Section for investment in qualified  
20 property which is placed in service by a Department of  
21 Commerce and Economic Opportunity designated High Impact  
22 Business. The credit shall be .5% of the basis for such  
23 property. The credit shall not be available (i) until the  
24 minimum investments in qualified property set forth in  
25 subdivision (a)(3)(A) of Section 5.5 of the Illinois  
26 Enterprise Zone Act have been satisfied or (ii) until the

1 time authorized in subsection (b-5) of the Illinois  
2 Enterprise Zone Act for entities designated as High Impact  
3 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and  
4 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone  
5 Act, and shall not be allowed to the extent that it would  
6 reduce a taxpayer's liability for the tax imposed by  
7 subsections (a) and (b) of this Section to below zero. The  
8 credit applicable to such investments shall be taken in the  
9 taxable year in which such investments have been completed.  
10 The credit for additional investments beyond the minimum  
11 investment by a designated high impact business authorized  
12 under subdivision (a)(3)(A) of Section 5.5 of the Illinois  
13 Enterprise Zone Act shall be available only in the taxable  
14 year in which the property is placed in service and shall  
15 not be allowed to the extent that it would reduce a  
16 taxpayer's liability for the tax imposed by subsections (a)  
17 and (b) of this Section to below zero. For tax years ending  
18 on or after December 31, 1987, the credit shall be allowed  
19 for the tax year in which the property is placed in  
20 service, or, if the amount of the credit exceeds the tax  
21 liability for that year, whether it exceeds the original  
22 liability or the liability as later amended, such excess  
23 may be carried forward and applied to the tax liability of  
24 the 5 taxable years following the excess credit year. The  
25 credit shall be applied to the earliest year for which  
26 there is a liability. If there is credit from more than one

1 tax year that is available to offset a liability, the  
2 credit accruing first in time shall be applied first.

3 Changes made in this subdivision (h) (1) by Public Act  
4 88-670 restore changes made by Public Act 85-1182 and  
5 reflect existing law.

6 (2) The term qualified property means property which:

7 (A) is tangible, whether new or used, including  
8 buildings and structural components of buildings;

9 (B) is depreciable pursuant to Section 167 of the  
10 Internal Revenue Code, except that "3-year property"  
11 as defined in Section 168(c) (2) (A) of that Code is not  
12 eligible for the credit provided by this subsection  
13 (h);

14 (C) is acquired by purchase as defined in Section  
15 179(d) of the Internal Revenue Code; and

16 (D) is not eligible for the Enterprise Zone  
17 Investment Credit provided by subsection (f) of this  
18 Section.

19 (3) The basis of qualified property shall be the basis  
20 used to compute the depreciation deduction for federal  
21 income tax purposes.

22 (4) If the basis of the property for federal income tax  
23 depreciation purposes is increased after it has been placed  
24 in service in a federally designated Foreign Trade Zone or  
25 Sub-Zone located in Illinois by the taxpayer, the amount of  
26 such increase shall be deemed property placed in service on

1 the date of such increase in basis.

2 (5) The term "placed in service" shall have the same  
3 meaning as under Section 46 of the Internal Revenue Code.

4 (6) If during any taxable year ending on or before  
5 December 31, 1996, any property ceases to be qualified  
6 property in the hands of the taxpayer within 48 months  
7 after being placed in service, or the situs of any  
8 qualified property is moved outside Illinois within 48  
9 months after being placed in service, the tax imposed under  
10 subsections (a) and (b) of this Section for such taxable  
11 year shall be increased. Such increase shall be determined  
12 by (i) recomputing the investment credit which would have  
13 been allowed for the year in which credit for such property  
14 was originally allowed by eliminating such property from  
15 such computation, and (ii) subtracting such recomputed  
16 credit from the amount of credit previously allowed. For  
17 the purposes of this paragraph (6), a reduction of the  
18 basis of qualified property resulting from a  
19 redetermination of the purchase price shall be deemed a  
20 disposition of qualified property to the extent of such  
21 reduction.

22 (7) Beginning with tax years ending after December 31,  
23 1996, if a taxpayer qualifies for the credit under this  
24 subsection (h) and thereby is granted a tax abatement and  
25 the taxpayer relocates its entire facility in violation of  
26 the explicit terms and length of the contract under Section

1 18-183 of the Property Tax Code, the tax imposed under  
2 subsections (a) and (b) of this Section shall be increased  
3 for the taxable year in which the taxpayer relocated its  
4 facility by an amount equal to the amount of credit  
5 received by the taxpayer under this subsection (h).

6 (i) Credit for Personal Property Tax Replacement Income  
7 Tax. For tax years ending prior to December 31, 2003, a credit  
8 shall be allowed against the tax imposed by subsections (a) and  
9 (b) of this Section for the tax imposed by subsections (c) and  
10 (d) of this Section. This credit shall be computed by  
11 multiplying the tax imposed by subsections (c) and (d) of this  
12 Section by a fraction, the numerator of which is base income  
13 allocable to Illinois and the denominator of which is Illinois  
14 base income, and further multiplying the product by the tax  
15 rate imposed by subsections (a) and (b) of this Section.

16 Any credit earned on or after December 31, 1986 under this  
17 subsection which is unused in the year the credit is computed  
18 because it exceeds the tax liability imposed by subsections (a)  
19 and (b) for that year (whether it exceeds the original  
20 liability or the liability as later amended) may be carried  
21 forward and applied to the tax liability imposed by subsections  
22 (a) and (b) of the 5 taxable years following the excess credit  
23 year, provided that no credit may be carried forward to any  
24 year ending on or after December 31, 2003. This credit shall be  
25 applied first to the earliest year for which there is a  
26 liability. If there is a credit under this subsection from more

1 than one tax year that is available to offset a liability the  
2 earliest credit arising under this subsection shall be applied  
3 first.

4 If, during any taxable year ending on or after December 31,  
5 1986, the tax imposed by subsections (c) and (d) of this  
6 Section for which a taxpayer has claimed a credit under this  
7 subsection (i) is reduced, the amount of credit for such tax  
8 shall also be reduced. Such reduction shall be determined by  
9 recomputing the credit to take into account the reduced tax  
10 imposed by subsections (c) and (d). If any portion of the  
11 reduced amount of credit has been carried to a different  
12 taxable year, an amended return shall be filed for such taxable  
13 year to reduce the amount of credit claimed.

14 (j) Training expense credit. Beginning with tax years  
15 ending on or after December 31, 1986 and prior to December 31,  
16 2003, and beginning again for tax years ending on or after  
17 December 31, 2018, a taxpayer shall be allowed a credit against  
18 the tax imposed by subsections (a) and (b) under this Section  
19 for all amounts paid or accrued, on behalf of all persons  
20 employed by the taxpayer in Illinois or Illinois residents  
21 employed outside of Illinois by a taxpayer, for educational or  
22 vocational training in semi-technical or technical fields or  
23 semi-skilled or skilled fields, which were deducted from gross  
24 income in the computation of taxable income. The credit against  
25 the tax imposed by subsections (a) and (b) shall be 1.6% of  
26 such training expenses for taxable years ending prior to



1 December 31, 2003 and 2.5% of such training expenses for  
2 taxable years ending on or after December 31, 2018. For  
3 partners, shareholders of subchapter S corporations, and  
4 owners of limited liability companies, if the liability company  
5 is treated as a partnership for purposes of federal and State  
6 income taxation, there shall be allowed a credit under this  
7 subsection (j) to be determined in accordance with the  
8 determination of income and distributive share of income under  
9 Sections 702 and 704 and subchapter S of the Internal Revenue  
10 Code.

11 Any credit allowed under this subsection which is unused in  
12 the year the credit is earned may be carried forward to each of  
13 the 5 taxable years following the year for which the credit is  
14 first computed until it is used. This credit shall be applied  
15 first to the earliest year for which there is a liability. If  
16 there is a credit under this subsection from more than one tax  
17 year that is available to offset a liability the earliest  
18 credit arising under this subsection shall be applied first. No  
19 carryforward credit earned prior to December 31, 2003 may be  
20 claimed in any tax year ending on or after December 31, 2003.

21 This subsection (j) is exempt from the provisions of  
22 Section 250.

23 (k) Research and development credit. For tax years ending  
24 after July 1, 1990 and prior to December 31, 2003, and  
25 beginning again for tax years ending on or after December 31,  
26 ~~2004, and ending prior to January 1, 2022,~~ a taxpayer shall be

1 allowed a credit against the tax imposed by subsections (a) and  
2 (b) of this Section for increasing research activities in this  
3 State. The credit allowed against the tax imposed by  
4 subsections (a) and (b) shall be equal to 6 1/2% of the  
5 qualifying expenditures for increasing research activities in  
6 this State. For partners, shareholders of subchapter S  
7 corporations, and owners of limited liability companies, if the  
8 liability company is treated as a partnership for purposes of  
9 federal and State income taxation, there shall be allowed a  
10 credit under this subsection to be determined in accordance  
11 with the determination of income and distributive share of  
12 income under Sections 702 and 704 and subchapter S of the  
13 Internal Revenue Code.

14 For purposes of this subsection, "qualifying expenditures"  
15 means the qualifying expenditures as defined for the federal  
16 credit for increasing research activities which would be  
17 allowable under Section 41 of the Internal Revenue Code and  
18 which are conducted in this State, "qualifying expenditures for  
19 increasing research activities in this State" means the excess  
20 of qualifying expenditures for the taxable year in which  
21 incurred over qualifying expenditures for the base period,  
22 "qualifying expenditures for the base period" means: (1) for  
23 tax years ending prior to December 31, 2018, the average of the  
24 qualifying expenditures for each year in the base period, and  
25 "base period" means the 3 taxable years immediately preceding  
26 the taxable year for which the determination is being made; and

1 (2) for tax years ending on or after December 31, 2018, 50% of  
2 the average of the qualifying expenditures for each year in the  
3 base period.

4 Any credit in excess of the tax liability for the taxable  
5 year may be carried forward. A taxpayer may elect to have the  
6 unused credit shown on its final completed return carried over  
7 as a credit against the tax liability for the following 20 ~~5~~  
8 taxable years or until it has been fully used, whichever occurs  
9 first; provided that no credit earned in a tax year ending  
10 prior to December 31, 2003 may be carried forward to any year  
11 ending on or after December 31, 2003.

12 If an unused credit is carried forward to a given year from  
13 2 or more earlier years, that credit arising in the earliest  
14 year will be applied first against the tax liability for the  
15 given year. If a tax liability for the given year still  
16 remains, the credit from the next earliest year will then be  
17 applied, and so on, until all credits have been used or no tax  
18 liability for the given year remains. Any remaining unused  
19 credit or credits then will be carried forward to the next  
20 following year in which a tax liability is incurred, except  
21 that no credit can be carried forward to a year which is more  
22 than 5 years after the year in which the expense for which the  
23 credit is given was incurred.

24 No inference shall be drawn from this amendatory Act of the  
25 91st General Assembly in construing this Section for taxable  
26 years beginning before January 1, 1999.

1           It is the intent of the General Assembly that the research  
2 and development credit under this subsection (k) shall apply  
3 continuously for all tax years ending on or after December 31,  
4 2004 ~~and ending prior to January 1, 2022~~, including, but not  
5 limited to, the period beginning on January 1, 2016 and ending  
6 on the effective date of this amendatory Act of the 100th  
7 General Assembly. All actions taken in reliance on the  
8 continuation of the credit under this subsection (k) by any  
9 taxpayer are hereby validated.

10           This subsection (k) is exempt from the provisions of  
11 Section 250.

12           (1) Environmental Remediation Tax Credit.

13           (i) For tax years ending after December 31, 1997 and on  
14 or before December 31, 2001, a taxpayer shall be allowed a  
15 credit against the tax imposed by subsections (a) and (b)  
16 of this Section for certain amounts paid for unreimbursed  
17 eligible remediation costs, as specified in this  
18 subsection. For purposes of this Section, "unreimbursed  
19 eligible remediation costs" means costs approved by the  
20 Illinois Environmental Protection Agency ("Agency") under  
21 Section 58.14 of the Environmental Protection Act that were  
22 paid in performing environmental remediation at a site for  
23 which a No Further Remediation Letter was issued by the  
24 Agency and recorded under Section 58.10 of the  
25 Environmental Protection Act. The credit must be claimed  
26 for the taxable year in which Agency approval of the

1 eligible remediation costs is granted. The credit is not  
2 available to any taxpayer if the taxpayer or any related  
3 party caused or contributed to, in any material respect, a  
4 release of regulated substances on, in, or under the site  
5 that was identified and addressed by the remedial action  
6 pursuant to the Site Remediation Program of the  
7 Environmental Protection Act. After the Pollution Control  
8 Board rules are adopted pursuant to the Illinois  
9 Administrative Procedure Act for the administration and  
10 enforcement of Section 58.9 of the Environmental  
11 Protection Act, determinations as to credit availability  
12 for purposes of this Section shall be made consistent with  
13 those rules. For purposes of this Section, "taxpayer"  
14 includes a person whose tax attributes the taxpayer has  
15 succeeded to under Section 381 of the Internal Revenue Code  
16 and "related party" includes the persons disallowed a  
17 deduction for losses by paragraphs (b), (c), and (f)(1) of  
18 Section 267 of the Internal Revenue Code by virtue of being  
19 a related taxpayer, as well as any of its partners. The  
20 credit allowed against the tax imposed by subsections (a)  
21 and (b) shall be equal to 25% of the unreimbursed eligible  
22 remediation costs in excess of \$100,000 per site, except  
23 that the \$100,000 threshold shall not apply to any site  
24 contained in an enterprise zone as determined by the  
25 Department of Commerce and Community Affairs (now  
26 Department of Commerce and Economic Opportunity). The

1 total credit allowed shall not exceed \$40,000 per year with  
2 a maximum total of \$150,000 per site. For partners and  
3 shareholders of subchapter S corporations, there shall be  
4 allowed a credit under this subsection to be determined in  
5 accordance with the determination of income and  
6 distributive share of income under Sections 702 and 704 and  
7 subchapter S of the Internal Revenue Code.

8 (ii) A credit allowed under this subsection that is  
9 unused in the year the credit is earned may be carried  
10 forward to each of the 5 taxable years following the year  
11 for which the credit is first earned until it is used. The  
12 term "unused credit" does not include any amounts of  
13 unreimbursed eligible remediation costs in excess of the  
14 maximum credit per site authorized under paragraph (i).  
15 This credit shall be applied first to the earliest year for  
16 which there is a liability. If there is a credit under this  
17 subsection from more than one tax year that is available to  
18 offset a liability, the earliest credit arising under this  
19 subsection shall be applied first. A credit allowed under  
20 this subsection may be sold to a buyer as part of a sale of  
21 all or part of the remediation site for which the credit  
22 was granted. The purchaser of a remediation site and the  
23 tax credit shall succeed to the unused credit and remaining  
24 carry-forward period of the seller. To perfect the  
25 transfer, the assignor shall record the transfer in the  
26 chain of title for the site and provide written notice to

1 the Director of the Illinois Department of Revenue of the  
2 assignor's intent to sell the remediation site and the  
3 amount of the tax credit to be transferred as a portion of  
4 the sale. In no event may a credit be transferred to any  
5 taxpayer if the taxpayer or a related party would not be  
6 eligible under the provisions of subsection (i).

7 (iii) For purposes of this Section, the term "site"  
8 shall have the same meaning as under Section 58.2 of the  
9 Environmental Protection Act.

10 (m) Education expense credit. Beginning with tax years  
11 ending after December 31, 1999, a taxpayer who is the custodian  
12 of one or more qualifying pupils shall be allowed a credit  
13 against the tax imposed by subsections (a) and (b) of this  
14 Section for qualified education expenses incurred on behalf of  
15 the qualifying pupils. The credit shall be equal to 25% of  
16 qualified education expenses, but in no event may the total  
17 credit under this subsection claimed by a family that is the  
18 custodian of qualifying pupils exceed (i) \$500 for tax years  
19 ending prior to December 31, 2017, and (ii) \$750 for tax years  
20 ending on or after December 31, 2017. In no event shall a  
21 credit under this subsection reduce the taxpayer's liability  
22 under this Act to less than zero. Notwithstanding any other  
23 provision of law, for taxable years beginning on or after  
24 January 1, 2017, no taxpayer may claim a credit under this  
25 subsection (m) if the taxpayer's adjusted gross income for the  
26 taxable year exceeds (i) \$500,000, in the case of spouses

1 filing a joint federal tax return or (ii) \$250,000, in the case  
2 of all other taxpayers. This subsection is exempt from the  
3 provisions of Section 250 of this Act.

4 For purposes of this subsection:

5 "Qualifying pupils" means individuals who (i) are  
6 residents of the State of Illinois, (ii) are under the age of  
7 21 at the close of the school year for which a credit is  
8 sought, and (iii) during the school year for which a credit is  
9 sought were full-time pupils enrolled in a kindergarten through  
10 twelfth grade education program at any school, as defined in  
11 this subsection.

12 "Qualified education expense" means the amount incurred on  
13 behalf of a qualifying pupil in excess of \$250 for tuition,  
14 book fees, and lab fees at the school in which the pupil is  
15 enrolled during the regular school year.

16 "School" means any public or nonpublic elementary or  
17 secondary school in Illinois that is in compliance with Title  
18 VI of the Civil Rights Act of 1964 and attendance at which  
19 satisfies the requirements of Section 26-1 of the School Code,  
20 except that nothing shall be construed to require a child to  
21 attend any particular public or nonpublic school to qualify for  
22 the credit under this Section.

23 "Custodian" means, with respect to qualifying pupils, an  
24 Illinois resident who is a parent, the parents, a legal  
25 guardian, or the legal guardians of the qualifying pupils.

26 (n) River Edge Redevelopment Zone site remediation tax



1 credit.

2 (i) For tax years ending on or after December 31, 2006,  
3 a taxpayer shall be allowed a credit against the tax  
4 imposed by subsections (a) and (b) of this Section for  
5 certain amounts paid for unreimbursed eligible remediation  
6 costs, as specified in this subsection. For purposes of  
7 this Section, "unreimbursed eligible remediation costs"  
8 means costs approved by the Illinois Environmental  
9 Protection Agency ("Agency") under Section 58.14a of the  
10 Environmental Protection Act that were paid in performing  
11 environmental remediation at a site within a River Edge  
12 Redevelopment Zone for which a No Further Remediation  
13 Letter was issued by the Agency and recorded under Section  
14 58.10 of the Environmental Protection Act. The credit must  
15 be claimed for the taxable year in which Agency approval of  
16 the eligible remediation costs is granted. The credit is  
17 not available to any taxpayer if the taxpayer or any  
18 related party caused or contributed to, in any material  
19 respect, a release of regulated substances on, in, or under  
20 the site that was identified and addressed by the remedial  
21 action pursuant to the Site Remediation Program of the  
22 Environmental Protection Act. Determinations as to credit  
23 availability for purposes of this Section shall be made  
24 consistent with rules adopted by the Pollution Control  
25 Board pursuant to the Illinois Administrative Procedure  
26 Act for the administration and enforcement of Section 58.9

1 of the Environmental Protection Act. For purposes of this  
2 Section, "taxpayer" includes a person whose tax attributes  
3 the taxpayer has succeeded to under Section 381 of the  
4 Internal Revenue Code and "related party" includes the  
5 persons disallowed a deduction for losses by paragraphs  
6 (b), (c), and (f) (1) of Section 267 of the Internal Revenue  
7 Code by virtue of being a related taxpayer, as well as any  
8 of its partners. The credit allowed against the tax imposed  
9 by subsections (a) and (b) shall be equal to 25% of the  
10 unreimbursed eligible remediation costs in excess of  
11 \$100,000 per site.

12 (ii) A credit allowed under this subsection that is  
13 unused in the year the credit is earned may be carried  
14 forward to each of the 5 taxable years following the year  
15 for which the credit is first earned until it is used. This  
16 credit shall be applied first to the earliest year for  
17 which there is a liability. If there is a credit under this  
18 subsection from more than one tax year that is available to  
19 offset a liability, the earliest credit arising under this  
20 subsection shall be applied first. A credit allowed under  
21 this subsection may be sold to a buyer as part of a sale of  
22 all or part of the remediation site for which the credit  
23 was granted. The purchaser of a remediation site and the  
24 tax credit shall succeed to the unused credit and remaining  
25 carry-forward period of the seller. To perfect the  
26 transfer, the assignor shall record the transfer in the

1 chain of title for the site and provide written notice to  
2 the Director of the Illinois Department of Revenue of the  
3 assignor's intent to sell the remediation site and the  
4 amount of the tax credit to be transferred as a portion of  
5 the sale. In no event may a credit be transferred to any  
6 taxpayer if the taxpayer or a related party would not be  
7 eligible under the provisions of subsection (i).

8 (iii) For purposes of this Section, the term "site"  
9 shall have the same meaning as under Section 58.2 of the  
10 Environmental Protection Act.

11 (o) For each of taxable years during the Compassionate Use  
12 of Medical Cannabis Pilot Program, a surcharge is imposed on  
13 all taxpayers on income arising from the sale or exchange of  
14 capital assets, depreciable business property, real property  
15 used in the trade or business, and Section 197 intangibles of  
16 an organization registrant under the Compassionate Use of  
17 Medical Cannabis Pilot Program Act. The amount of the surcharge  
18 is equal to the amount of federal income tax liability for the  
19 taxable year attributable to those sales and exchanges. The  
20 surcharge imposed does not apply if:

21 (1) the medical cannabis cultivation center  
22 registration, medical cannabis dispensary registration, or  
23 the property of a registration is transferred as a result  
24 of any of the following:

25 (A) bankruptcy, a receivership, or a debt  
26 adjustment initiated by or against the initial

1 registration or the substantial owners of the initial  
2 registration;

3 (B) cancellation, revocation, or termination of  
4 any registration by the Illinois Department of Public  
5 Health;

6 (C) a determination by the Illinois Department of  
7 Public Health that transfer of the registration is in  
8 the best interests of Illinois qualifying patients as  
9 defined by the Compassionate Use of Medical Cannabis  
10 Pilot Program Act;

11 (D) the death of an owner of the equity interest in  
12 a registrant;

13 (E) the acquisition of a controlling interest in  
14 the stock or substantially all of the assets of a  
15 publicly traded company;

16 (F) a transfer by a parent company to a wholly  
17 owned subsidiary; or

18 (G) the transfer or sale to or by one person to  
19 another person where both persons were initial owners  
20 of the registration when the registration was issued;  
21 or

22 (2) the cannabis cultivation center registration,  
23 medical cannabis dispensary registration, or the  
24 controlling interest in a registrant's property is  
25 transferred in a transaction to lineal descendants in which  
26 no gain or loss is recognized or as a result of a

1 transaction in accordance with Section 351 of the Internal  
2 Revenue Code in which no gain or loss is recognized.

3 (Source: P.A. 100-22, eff. 7-6-17.)

4 (35 ILCS 5/227 new)

5 Sec. 227. Apprenticeship education expense credit.

6 (a) For tax years ending after December 31, 2018, a  
7 taxpayer who is the employer of one or more qualifying  
8 apprentices shall be allowed a credit against the tax imposed  
9 by subsections (a) and (b) of Section 201 for qualified  
10 education expenses incurred on behalf of the qualifying  
11 apprentices. The credit shall be equal to 100% of qualified  
12 education expenses, but in no event may the total credit under  
13 this Section claimed by an employer of a qualifying apprentice  
14 in any year exceed \$3,500. In no event shall a credit under  
15 this subsection reduce the taxpayer's liability under this Act  
16 to less than zero. This Section is exempt from the provisions  
17 of Section 250 of this Act.

18 (b) For purposes of this Section:

19 "Qualifying apprentices" means individuals who (i) are  
20 residents of the State of Illinois, (ii) are between the ages  
21 of 16 and 30 years old at the close of the school year for which  
22 a credit is sought, and (iii) during the school year for which  
23 a credit is sought were full-time apprentices enrolled in an  
24 apprenticeship program which is registered with the US  
25 Department of Labor, Office of Apprenticeship.

1       "Qualified education expense" means the amount incurred on  
2 behalf of a qualifying apprentice of up to \$3,500 for tuition,  
3 book fees, and lab fees at the school or community college in  
4 which the apprentice is enrolled during the regular school  
5 year.

6       "School" means any public or nonpublic secondary school in  
7 Illinois, or any community college that is in compliance with  
8 Title VI of the Civil Rights Act of 1964, except that nothing  
9 shall be construed to allow a student to attend a community  
10 college not a part of an approved apprenticeship program to  
11 qualify for the credit under this Section.

12       "Employer" means, with respect to qualifying apprentices,  
13 an Illinois taxpayer who is the employer of the qualifying  
14 apprentices.

15       Section 10. The Use Tax Act is amended by changing Sections  
16 3-5, 3-50, and 3-85 as follows:

17       (35 ILCS 105/3-5)

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

20       (1) Personal property purchased from a corporation,  
21 society, association, foundation, institution, or  
22 organization, other than a limited liability company, that is  
23 organized and operated as a not-for-profit service enterprise  
24 for the benefit of persons 65 years of age or older if the

1 personal property was not purchased by the enterprise for the  
2 purpose of resale by the enterprise.

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

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

21 (4) Personal property purchased by a governmental body, by  
22 a corporation, society, association, foundation, or  
23 institution organized and operated exclusively for charitable,  
24 religious, or educational purposes, or by a not-for-profit  
25 corporation, society, association, foundation, institution, or  
26 organization that has no compensated officers or employees and

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

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

12 (6) Until July 1, 2003 and beginning again on September 1,  
13 2004 through August 30, 2014, graphic arts machinery and  
14 equipment, including repair and replacement parts, both new and  
15 used, and including that manufactured on special order,  
16 certified by the purchaser to be used primarily for graphic  
17 arts production, and including machinery and equipment  
18 purchased for lease. Equipment includes chemicals or chemicals  
19 acting as catalysts but only if the chemicals or chemicals  
20 acting as catalysts effect a direct and immediate change upon a  
21 graphic arts product. Beginning on July 1, 2017, graphic arts  
22 machinery and equipment is included in the manufacturing and  
23 assembling machinery and equipment exemption under paragraph  
24 (18).

25 (7) Farm chemicals.

26 (8) Legal tender, currency, medallions, or gold or silver



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

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

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

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

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

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

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

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

26 Beginning July 1, 2013, fuel and petroleum products sold to

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

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

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

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

6           (16) Coal and aggregate exploration, mining, off-highway  
7 hauling, processing, maintenance, and reclamation equipment,  
8 including replacement parts and equipment, and including  
9 equipment purchased for lease, but excluding motor vehicles  
10 required to be registered under the Illinois Vehicle Code. The  
11 changes made to this Section by Public Act 97-767 apply on and  
12 after July 1, 2003, but no claim for credit or refund is  
13 allowed on or after August 16, 2013 (the effective date of  
14 Public Act 98-456) for such taxes paid during the period  
15 beginning July 1, 2003 and ending on August 16, 2013 (the  
16 effective date of Public Act 98-456). This item (16) is exempt  
17 from the provisions of Section 3-90.

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

24           (18) Manufacturing and assembling machinery and equipment  
25 used primarily in the process of manufacturing or assembling  
26 tangible personal property for wholesale or retail sale or

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

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

26 (20) Semen used for artificial insemination of livestock

1 for direct agricultural production.

2 (21) Horses, or interests in horses, registered with and  
3 meeting the requirements of any of the Arabian Horse Club  
4 Registry of America, Appaloosa Horse Club, American Quarter  
5 Horse Association, United States Trotting Association, or  
6 Jockey Club, as appropriate, used for purposes of breeding or  
7 racing for prizes. This item (21) is exempt from the provisions  
8 of Section 3-90, and the exemption provided for under this item  
9 (21) applies for all periods beginning May 30, 1995, but no  
10 claim for credit or refund is allowed on or after January 1,  
11 2008 for such taxes paid during the period beginning May 30,  
12 2000 and ending on January 1, 2008.

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

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

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

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

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

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

26 (26) Beginning July 1, 1999, game or game birds purchased



1 at a "game breeding and hunting preserve area" as that term is  
2 used in the Wildlife Code. This paragraph is exempt from the  
3 provisions of Section 3-90.

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

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

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

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

20 (30) Beginning January 1, 2001 and through June 30, 2016,  
21 food for human consumption that is to be consumed off the  
22 premises where it is sold (other than alcoholic beverages, soft  
23 drinks, and food that has been prepared for immediate  
24 consumption) and prescription and nonprescription medicines,  
25 drugs, medical appliances, and insulin, urine testing  
26 materials, syringes, and needles used by diabetics, for human

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

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

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

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

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

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

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

1 corporation that holds a valid water supply permit issued under  
2 Title IV of the Environmental Protection Act. This paragraph is  
3 exempt from the provisions of Section 3-90.

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

1 service pursuant to authority issued under Part 121 or Part 129  
2 of the Federal Aviation Regulations. The changes made to this  
3 paragraph (35) by Public Act 98-534 are declarative of existing  
4 law.

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

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

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

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

2 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
3 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; revised 9-27-17.)

4 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

5 Sec. 3-50. Manufacturing and assembly exemption. The  
6 manufacturing and assembling machinery and equipment exemption  
7 includes machinery and equipment that replaces machinery and  
8 equipment in an existing manufacturing facility as well as  
9 machinery and equipment that are for use in an expanded or new  
10 manufacturing facility. The machinery and equipment exemption  
11 also includes machinery and equipment used in the general  
12 maintenance or repair of exempt machinery and equipment or for  
13 in-house manufacture of exempt machinery and equipment.  
14 Beginning on July 1, 2017, the manufacturing and assembling  
15 machinery and equipment exemption also includes graphic arts  
16 machinery and equipment, as defined in paragraph (6) of Section  
17 3-5. The machinery and equipment exemption does not include  
18 machinery and equipment used in (i) the generation of  
19 electricity for wholesale or retail sale; (ii) the generation  
20 or treatment of natural or artificial gas for wholesale or  
21 retail sale that is delivered to customers through pipes,  
22 pipelines, or mains; or (iii) the treatment of water for  
23 wholesale or retail sale that is delivered to customers through  
24 pipes, pipelines, or mains. The provisions of this amendatory  
25 Act of the 98th General Assembly are declaratory of existing



1 law as to the meaning and scope of this exemption. For the  
2 purposes of this exemption, terms have the following meanings:

3 (1) "Manufacturing process" means the production of an  
4 article of tangible personal property, whether the article  
5 is a finished product or an article for use in the process  
6 of manufacturing or assembling a different article of  
7 tangible personal property, by a procedure commonly  
8 regarded as manufacturing, processing, fabricating, or  
9 refining that changes some existing material into a  
10 material with a different form, use, or name. In relation  
11 to a recognized integrated business composed of a series of  
12 operations that collectively constitute manufacturing, or  
13 individually constitute manufacturing operations, the  
14 manufacturing process commences with the first operation  
15 or stage of production in the series and does not end until  
16 the completion of the final product in the last operation  
17 or stage of production in the series. For purposes of this  
18 exemption, photoprocessing is a manufacturing process of  
19 tangible personal property for wholesale or retail sale.

20 (2) "Assembling process" means the production of an  
21 article of tangible personal property, whether the article  
22 is a finished product or an article for use in the process  
23 of manufacturing or assembling a different article of  
24 tangible personal property, by the combination of existing  
25 materials in a manner commonly regarded as assembling that  
26 results in an article or material of a different form, use,

1 or name.

2 (3) "Machinery" means major mechanical machines or  
3 major components of those machines contributing to a  
4 manufacturing or assembling process.

5 (4) "Equipment" includes an independent device or tool  
6 separate from machinery but essential to an integrated  
7 manufacturing or assembly process; including computers  
8 used primarily in a manufacturer's computer assisted  
9 design, computer assisted manufacturing (CAD/CAM) system;  
10 any subunit or assembly comprising a component of any  
11 machinery or auxiliary, adjunct, or attachment parts of  
12 machinery, such as tools, dies, jigs, fixtures, patterns,  
13 and molds; and any parts that require periodic replacement  
14 in the course of normal operation; but does not include  
15 hand tools. Equipment includes chemicals or chemicals  
16 acting as catalysts but only if the chemicals or chemicals  
17 acting as catalysts effect a direct and immediate change  
18 upon a product being manufactured or assembled for  
19 wholesale or retail sale or lease.

20 (5) "Production related tangible personal property"  
21 means all tangible personal property that is used or  
22 consumed by the purchaser in a manufacturing facility in  
23 which a manufacturing process described in Section 2-45 of  
24 the Retailers' Occupation Tax Act takes place, including  
25 ~~and includes, without limitation,~~ tangible personal  
26 property that is purchased for incorporation into real

1 estate within a manufacturing facility and including, but  
2 not limited to, tangible personal property that is used or  
3 consumed in activities such as ~~research and development,~~  
4 preproduction material handling, receiving, quality  
5 control, inventory control, storage, staging, and  
6 packaging for shipping and transportation purposes.  
7 Tangible personal property used or consumed by the  
8 purchaser for research and development is considered  
9 "production related tangible personal property" regardless  
10 of use within or without a manufacturing facility.

11 "Production related tangible personal property" does not  
12 include (i) tangible personal property that is used, within  
13 or without a manufacturing facility, in sales, purchasing,  
14 accounting, fiscal management, marketing, personnel  
15 recruitment or selection, or landscaping or (ii) tangible  
16 personal property that is required to be titled or  
17 registered with a department, agency, or unit of federal,  
18 State, or local government.

19 ~~The manufacturing and assembling machinery and equipment~~  
20 ~~exemption includes production related tangible personal~~  
21 ~~property that is purchased on or after July 1, 2007 and on or~~  
22 ~~before June 30, 2008. The exemption for production related~~  
23 ~~tangible personal property is subject to both of the following~~  
24 ~~limitations:~~

25 ~~(1) The maximum amount of the exemption for any one~~  
26 ~~taxpayer may not exceed 5% of the purchase price of~~

1 ~~production related tangible personal property that is~~  
2 ~~purchased on or after July 1, 2007 and on or before June~~  
3 ~~30, 2008. A credit under Section 3-85 of this Act may not~~  
4 ~~be earned by the purchase of production related tangible~~  
5 ~~personal property for which an exemption is received under~~  
6 ~~this Section.~~

7 ~~(2) The maximum aggregate amount of the exemptions for~~  
8 ~~production related tangible personal property awarded~~  
9 ~~under this Act and the Retailers' Occupation Tax Act to all~~  
10 ~~taxpayers may not exceed \$10,000,000. If the claims for the~~  
11 ~~exemption exceed \$10,000,000, then the Department shall~~  
12 ~~reduce the amount of the exemption to each taxpayer on a~~  
13 ~~pro rata basis.~~

14 ~~The Department may adopt rules to implement and administer the~~  
15 ~~exemption for production related tangible personal property.~~

16 The manufacturing and assembling machinery and equipment  
17 exemption includes the sale of materials to a purchaser who  
18 produces exempted types of machinery, equipment, or tools and  
19 who rents or leases that machinery, equipment, or tools to a  
20 manufacturer of tangible personal property. This exemption  
21 also includes the sale of materials to a purchaser who  
22 manufactures those materials into an exempted type of  
23 machinery, equipment, or tools that the purchaser uses himself  
24 or herself in the manufacturing of tangible personal property.  
25 This exemption includes the sale of exempted types of machinery  
26 or equipment to a purchaser who is not the manufacturer, but

1 who rents or leases the use of the property to a manufacturer.  
2 The purchaser of the machinery and equipment who has an active  
3 resale registration number shall furnish that number to the  
4 seller at the time of purchase. A user of the machinery,  
5 equipment, or tools without an active resale registration  
6 number shall prepare a certificate of exemption for each  
7 transaction stating facts establishing the exemption for that  
8 transaction, and that certificate shall be available to the  
9 Department for inspection or audit. The Department shall  
10 prescribe the form of the certificate. Informal rulings,  
11 opinions, or letters issued by the Department in response to an  
12 inquiry or request for an opinion from any person regarding the  
13 coverage and applicability of this exemption to specific  
14 devices shall be published, maintained as a public record, and  
15 made available for public inspection and copying. If the  
16 informal ruling, opinion, or letter contains trade secrets or  
17 other confidential information, where possible, the Department  
18 shall delete that information before publication. Whenever  
19 informal rulings, opinions, or letters contain a policy of  
20 general applicability, the Department shall formulate and  
21 adopt that policy as a rule in accordance with the Illinois  
22 Administrative Procedure Act.

23 The manufacturing and assembling machinery and equipment  
24 exemption is exempt from the provisions of Section 3-90.

25 (Source: P.A. 100-22, eff. 7-6-17.)

1 (35 ILCS 105/3-85)

2 Sec. 3-85. Manufacturer's Purchase Credit. For purchases  
3 of machinery and equipment made on and after January 1, 1995  
4 through June 30, 2003, and on and after September 1, 2004  
5 through August 30, 2014, a purchaser of manufacturing machinery  
6 and equipment that qualifies for the exemption provided by  
7 paragraph (18) of Section 3-5 of this Act earns a credit in an  
8 amount equal to a fixed percentage of the tax which would have  
9 been incurred under this Act on those purchases. For purchases  
10 of graphic arts machinery and equipment made on or after July  
11 1, 1996 and through June 30, 2003, and on and after September  
12 1, 2004 through August 30, 2014, a purchaser of graphic arts  
13 machinery and equipment that qualifies for the exemption  
14 provided by paragraph (6) of Section 3-5 of this Act earns a  
15 credit in an amount equal to a fixed percentage of the tax that  
16 would have been incurred under this Act on those purchases. The  
17 credit earned for purchases of manufacturing machinery and  
18 equipment or graphic arts machinery and equipment shall be  
19 referred to as the Manufacturer's Purchase Credit. A graphic  
20 arts producer is a person engaged in graphic arts production as  
21 defined in Section 2-30 of the Retailers' Occupation Tax Act.  
22 Beginning July 1, 1996, all references in this Section to  
23 manufacturers or manufacturing shall also be deemed to refer to  
24 graphic arts producers or graphic arts production.

25 The amount of credit shall be a percentage of the tax that  
26 would have been incurred on the purchase of manufacturing

1 machinery and equipment or graphic arts machinery and equipment  
2 if the exemptions provided by paragraph (6) or paragraph (18)  
3 of Section 3-5 of this Act had not been applicable. The  
4 percentage shall be as follows:

5 (1) 15% for purchases made on or before June 30, 1995.

6 (2) 25% for purchases made after June 30, 1995, and on  
7 or before June 30, 1996.

8 (3) 40% for purchases made after June 30, 1996, and on  
9 or before June 30, 1997.

10 (4) 50% for purchases made on or after July 1, 1997.

11 (a) Manufacturer's Purchase Credit earned prior to July 1,  
12 2003. This subsection (a) applies to Manufacturer's Purchase  
13 Credit earned prior to July 1, 2003. A purchaser of production  
14 related tangible personal property desiring to use the  
15 Manufacturer's Purchase Credit shall certify to the seller  
16 prior to October 1, 2003 that the purchaser is satisfying all  
17 or part of the liability under the Use Tax Act or the Service  
18 Use Tax Act that is due on the purchase of the production  
19 related tangible personal property by use of Manufacturer's  
20 Purchase Credit. The Manufacturer's Purchase Credit  
21 certification must be dated and shall include the name and  
22 address of the purchaser, the purchaser's registration number,  
23 if registered, the credit being applied, and a statement that  
24 the State Use Tax or Service Use Tax liability is being  
25 satisfied with the manufacturer's or graphic arts producer's  
26 accumulated purchase credit. Certification may be incorporated

1 into the manufacturer's or graphic arts producer's purchase  
2 order. Manufacturer's Purchase Credit certification provided  
3 by the manufacturer or graphic arts producer prior to October  
4 1, 2003 may be used to satisfy the retailer's or serviceman's  
5 liability under the Retailers' Occupation Tax Act or Service  
6 Occupation Tax Act for the credit claimed, not to exceed 6.25%  
7 of the receipts subject to tax from a qualifying purchase, but  
8 only if the retailer or serviceman reports the Manufacturer's  
9 Purchase Credit claimed as required by the Department. A  
10 Manufacturer's Purchase Credit reported on any original or  
11 amended return filed under this Act after October 20, 2003  
12 shall be disallowed. The Manufacturer's Purchase Credit earned  
13 by purchase of exempt manufacturing machinery and equipment or  
14 graphic arts machinery and equipment is a non-transferable  
15 credit. A manufacturer or graphic arts producer that enters  
16 into a contract involving the installation of tangible personal  
17 property into real estate within a manufacturing or graphic  
18 arts production facility may, prior to October 1, 2003,  
19 authorize a construction contractor to utilize credit  
20 accumulated by the manufacturer or graphic arts producer to  
21 purchase the tangible personal property. A manufacturer or  
22 graphic arts producer intending to use accumulated credit to  
23 purchase such tangible personal property shall execute a  
24 written contract authorizing the contractor to utilize a  
25 specified dollar amount of credit. The contractor shall  
26 furnish, prior to October 1, 2003, the supplier with the



1 manufacturer's or graphic arts producer's name, registration  
2 or resale number, and a statement that a specific amount of the  
3 Use Tax or Service Use Tax liability, not to exceed 6.25% of  
4 the selling price, is being satisfied with the credit. The  
5 manufacturer or graphic arts producer shall remain liable to  
6 timely report all information required by the annual Report of  
7 Manufacturer's Purchase Credit Used for all credit utilized by  
8 a construction contractor.

9 No Manufacturer's Purchase Credit earned prior to July 1,  
10 2003 may be used after October 1, 2003. The Manufacturer's  
11 Purchase Credit may be used to satisfy liability under the Use  
12 Tax Act or the Service Use Tax Act due on the purchase of  
13 production related tangible personal property (including  
14 purchases by a manufacturer, by a graphic arts producer, or by  
15 a lessor who rents or leases the use of the property to a  
16 manufacturer or graphic arts producer) that does not otherwise  
17 qualify for the manufacturing machinery and equipment  
18 exemption or the graphic arts machinery and equipment  
19 exemption. "Production related tangible personal property"  
20 means (i) all tangible personal property used or consumed by  
21 the purchaser in a manufacturing facility in which a  
22 manufacturing process described in Section 2-45 of the  
23 Retailers' Occupation Tax Act takes place, including tangible  
24 personal property purchased for incorporation into real estate  
25 within a manufacturing facility and including, but not limited  
26 to, tangible personal property used or consumed in activities

1 such as preproduction material handling, receiving, quality  
2 control, inventory control, storage, staging, and packaging  
3 for shipping and transportation purposes; (ii) all tangible  
4 personal property used or consumed by the purchaser in a  
5 graphic arts facility in which graphic arts production as  
6 described in Section 2-30 of the Retailers' Occupation Tax Act  
7 takes place, including tangible personal property purchased  
8 for incorporation into real estate within a graphic arts  
9 facility and including, but not limited to, all tangible  
10 personal property used or consumed in activities such as  
11 graphic arts preliminary or pre-press production,  
12 pre-production material handling, receiving, quality control,  
13 inventory control, storage, staging, sorting, labeling,  
14 mailing, tying, wrapping, and packaging; and (iii) all tangible  
15 personal property used or consumed by the purchaser for  
16 research and development. "Production related tangible  
17 personal property" does not include (i) tangible personal  
18 property used, within or without a manufacturing facility, in  
19 sales, purchasing, accounting, fiscal management, marketing,  
20 personnel recruitment or selection, or landscaping or (ii)  
21 tangible personal property required to be titled or registered  
22 with a department, agency, or unit of federal, state, or local  
23 government. The Manufacturer's Purchase Credit may be used,  
24 prior to October 1, 2003, to satisfy the tax arising either  
25 from the purchase of machinery and equipment on or after  
26 January 1, 1995 for which the exemption provided by paragraph

1 (18) of Section 3-5 of this Act was erroneously claimed, or the  
2 purchase of machinery and equipment on or after July 1, 1996  
3 for which the exemption provided by paragraph (6) of Section  
4 3-5 of this Act was erroneously claimed, but not in  
5 satisfaction of penalty, if any, and interest for failure to  
6 pay the tax when due. A purchaser of production related  
7 tangible personal property who is required to pay Illinois Use  
8 Tax or Service Use Tax on the purchase directly to the  
9 Department may, prior to October 1, 2003, utilize the  
10 Manufacturer's Purchase Credit in satisfaction of the tax  
11 arising from that purchase, but not in satisfaction of penalty  
12 and interest. A purchaser who uses the Manufacturer's Purchase  
13 Credit to purchase property which is later determined not to be  
14 production related tangible personal property may be liable for  
15 tax, penalty, and interest on the purchase of that property as  
16 of the date of purchase but shall be entitled to use the  
17 disallowed Manufacturer's Purchase Credit, so long as it has  
18 not expired and is used prior to October 1, 2003, on qualifying  
19 purchases of production related tangible personal property not  
20 previously subject to credit usage. The Manufacturer's  
21 Purchase Credit earned by a manufacturer or graphic arts  
22 producer expires the last day of the second calendar year  
23 following the calendar year in which the credit arose. No  
24 Manufacturer's Purchase Credit may be used after September 30,  
25 2003 regardless of when that credit was earned.

26 A purchaser earning Manufacturer's Purchase Credit shall

1 sign and file an annual Report of Manufacturer's Purchase  
2 Credit Earned for each calendar year no later than the last day  
3 of the sixth month following the calendar year in which a  
4 Manufacturer's Purchase Credit is earned. A Report of  
5 Manufacturer's Purchase Credit Earned shall be filed on forms  
6 as prescribed or approved by the Department and shall state,  
7 for each month of the calendar year: (i) the total purchase  
8 price of all purchases of exempt manufacturing or graphic arts  
9 machinery on which the credit was earned; (ii) the total State  
10 Use Tax or Service Use Tax which would have been due on those  
11 items; (iii) the percentage used to calculate the amount of  
12 credit earned; (iv) the amount of credit earned; and (v) such  
13 other information as the Department may reasonably require. A  
14 purchaser earning Manufacturer's Purchase Credit shall  
15 maintain records which identify, as to each purchase of  
16 manufacturing or graphic arts machinery and equipment on which  
17 the purchaser earned Manufacturer's Purchase Credit, the  
18 vendor (including, if applicable, either the vendor's  
19 registration number or Federal Employer Identification  
20 Number), the purchase price, and the amount of Manufacturer's  
21 Purchase Credit earned on each purchase.

22 A purchaser using Manufacturer's Purchase Credit shall  
23 sign and file an annual Report of Manufacturer's Purchase  
24 Credit Used for each calendar year no later than the last day  
25 of the sixth month following the calendar year in which a  
26 Manufacturer's Purchase Credit is used. A Report of

1 Manufacturer's Purchase Credit Used shall be filed on forms as  
2 prescribed or approved by the Department and shall state, for  
3 each month of the calendar year: (i) the total purchase price  
4 of production related tangible personal property purchased  
5 from Illinois suppliers; (ii) the total purchase price of  
6 production related tangible personal property purchased from  
7 out-of-state suppliers; (iii) the total amount of credit used  
8 during such month; and (iv) such other information as the  
9 Department may reasonably require. A purchaser using  
10 Manufacturer's Purchase Credit shall maintain records that  
11 identify, as to each purchase of production related tangible  
12 personal property on which the purchaser used Manufacturer's  
13 Purchase Credit, the vendor (including, if applicable, either  
14 the vendor's registration number or Federal Employer  
15 Identification Number), the purchase price, and the amount of  
16 Manufacturer's Purchase Credit used on each purchase.

17 No annual report shall be filed before May 1, 1996 or after  
18 June 30, 2004. A purchaser that fails to file an annual Report  
19 of Manufacturer's Purchase Credit Earned or an annual Report of  
20 Manufacturer's Purchase Credit Used by the last day of the  
21 sixth month following the end of the calendar year shall  
22 forfeit all Manufacturer's Purchase Credit for that calendar  
23 year unless it establishes that its failure to file was due to  
24 reasonable cause. Manufacturer's Purchase Credit reports may  
25 be amended to report and claim credit on qualifying purchases  
26 not previously reported at any time before the credit would

1 have expired, unless both the Department and the purchaser have  
2 agreed to an extension of the statute of limitations for the  
3 issuance of a notice of tax liability as provided in Section 4  
4 of the Retailers' Occupation Tax Act. If the time for  
5 assessment or refund has been extended, then amended reports  
6 for a calendar year may be filed at any time prior to the date  
7 to which the statute of limitations for the calendar year or  
8 portion thereof has been extended. No Manufacturer's Purchase  
9 Credit report filed with the Department for periods prior to  
10 January 1, 1995 shall be approved. Manufacturer's Purchase  
11 Credit claimed on an amended report may be used, until October  
12 1, 2003, to satisfy tax liability under the Use Tax Act or the  
13 Service Use Tax Act (i) on qualifying purchases of production  
14 related tangible personal property made after the date the  
15 amended report is filed or (ii) assessed by the Department on  
16 qualifying purchases of production related tangible personal  
17 property made in the case of manufacturers on or after January  
18 1, 1995, or in the case of graphic arts producers on or after  
19 July 1, 1996.

20 If the purchaser is not the manufacturer or a graphic arts  
21 producer, but rents or leases the use of the property to a  
22 manufacturer or graphic arts producer, the purchaser may earn,  
23 report, and use Manufacturer's Purchase Credit in the same  
24 manner as a manufacturer or graphic arts producer.

25 A purchaser shall not be entitled to any Manufacturer's  
26 Purchase Credit for a purchase that is required to be reported

1 and is not timely reported as provided in this Section. A  
2 purchaser remains liable for (i) any tax that was satisfied by  
3 use of a Manufacturer's Purchase Credit, as of the date of  
4 purchase, if that use is not timely reported as required in  
5 this Section and (ii) for any applicable penalties and interest  
6 for failing to pay the tax when due. No Manufacturer's Purchase  
7 Credit may be used after September 30, 2003 to satisfy any tax  
8 liability imposed under this Act, including any audit  
9 liability.

10 (b) Manufacturer's Purchase Credit earned on and after  
11 September 1, 2004 and through August 30, 2014. This subsection  
12 (b) applies to Manufacturer's Purchase Credit earned on and  
13 after September 1, 2004 and through August 30, 2014. No  
14 Manufacturer's Purchase Credit may be used after September 30,  
15 2014 to satisfy any tax liability incurred on purchases of  
16 production related tangible personal property made on or before  
17 August 30, 2014 or to satisfy any audit liability established  
18 after September 30, 2014. Manufacturer's Purchase Credit  
19 earned on or after September 1, 2004 may only be used to  
20 satisfy the Use Tax or Service Use Tax liability incurred on  
21 production related tangible personal property purchased on or  
22 after September 1, 2004. A purchaser of production related  
23 tangible personal property desiring to use the Manufacturer's  
24 Purchase Credit shall certify to the seller that the purchaser  
25 is satisfying all or part of the liability under the Use Tax  
26 Act or the Service Use Tax Act that is due on the purchase of

1 the production related tangible personal property by use of  
2 Manufacturer's Purchase Credit. The Manufacturer's Purchase  
3 Credit certification must be dated and shall include the name  
4 and address of the purchaser, the purchaser's registration  
5 number, if registered, the credit being applied, and a  
6 statement that the State Use Tax or Service Use Tax liability  
7 is being satisfied with the manufacturer's or graphic arts  
8 producer's accumulated purchase credit. Certification may be  
9 incorporated into the manufacturer's or graphic arts  
10 producer's purchase order. Manufacturer's Purchase Credit  
11 certification provided by the manufacturer or graphic arts  
12 producer may be used to satisfy the retailer's or serviceman's  
13 liability under the Retailers' Occupation Tax Act or Service  
14 Occupation Tax Act for the credit claimed, not to exceed 6.25%  
15 of the receipts subject to tax from a qualifying purchase, but  
16 only if the retailer or serviceman reports the Manufacturer's  
17 Purchase Credit claimed as required by the Department. The  
18 Manufacturer's Purchase Credit earned by purchase of exempt  
19 manufacturing machinery and equipment or graphic arts  
20 machinery and equipment is a non-transferable credit. A  
21 manufacturer or graphic arts producer that enters into a  
22 contract involving the installation of tangible personal  
23 property into real estate within a manufacturing or graphic  
24 arts production facility may, on or after September 1, 2004,  
25 authorize a construction contractor to utilize credit  
26 accumulated by the manufacturer or graphic arts producer to



1 purchase the tangible personal property. A manufacturer or  
2 graphic arts producer intending to use accumulated credit to  
3 purchase such tangible personal property shall execute a  
4 written contract authorizing the contractor to utilize a  
5 specified dollar amount of credit. The contractor shall furnish  
6 the supplier with the manufacturer's or graphic arts producer's  
7 name, registration or resale number, and a statement that a  
8 specific amount of the Use Tax or Service Use Tax liability,  
9 not to exceed 6.25% of the selling price, is being satisfied  
10 with the credit. The manufacturer or graphic arts producer  
11 shall remain liable to timely report all information required  
12 by the annual Report of Manufacturer's Purchase Credit Used for  
13 all credit utilized by a construction contractor.

14 The Manufacturer's Purchase Credit may be used to satisfy  
15 liability under the Use Tax Act or the Service Use Tax Act due  
16 on the purchase, made on or after September 1, 2004, of  
17 production related tangible personal property (including  
18 purchases by a manufacturer, by a graphic arts producer, or by  
19 a lessor who rents or leases the use of the property to a  
20 manufacturer or graphic arts producer) that does not otherwise  
21 qualify for the manufacturing machinery and equipment  
22 exemption or the graphic arts machinery and equipment  
23 exemption. "Production related tangible personal property"  
24 means (i) all tangible personal property used or consumed by  
25 the purchaser in a manufacturing facility in which a  
26 manufacturing process described in Section 2-45 of the

1 Retailers' Occupation Tax Act takes place, including tangible  
2 personal property purchased for incorporation into real estate  
3 within a manufacturing facility and including, but not limited  
4 to, tangible personal property used or consumed in activities  
5 such as preproduction material handling, receiving, quality  
6 control, inventory control, storage, staging, and packaging  
7 for shipping and transportation purposes; (ii) all tangible  
8 personal property used or consumed by the purchaser in a  
9 graphic arts facility in which graphic arts production as  
10 described in Section 2-30 of the Retailers' Occupation Tax Act  
11 takes place, including tangible personal property purchased  
12 for incorporation into real estate within a graphic arts  
13 facility and including, but not limited to, all tangible  
14 personal property used or consumed in activities such as  
15 graphic arts preliminary or pre-press production,  
16 pre-production material handling, receiving, quality control,  
17 inventory control, storage, staging, sorting, labeling,  
18 mailing, tying, wrapping, and packaging; and (iii) all tangible  
19 personal property used or consumed by the purchaser for  
20 research and development. "Production related tangible  
21 personal property" does not include (i) tangible personal  
22 property used, within or without a manufacturing facility, in  
23 sales, purchasing, accounting, fiscal management, marketing,  
24 personnel recruitment or selection, or landscaping or (ii)  
25 tangible personal property required to be titled or registered  
26 with a department, agency, or unit of federal, state, or local

1 government. The Manufacturer's Purchase Credit may be used to  
2 satisfy the tax arising either from the purchase of machinery  
3 and equipment on or after September 1, 2004 for which the  
4 exemption provided by paragraph (18) of Section 3-5 of this Act  
5 was erroneously claimed, or the purchase of machinery and  
6 equipment on or after September 1, 2004 for which the exemption  
7 provided by paragraph (6) of Section 3-5 of this Act was  
8 erroneously claimed, but not in satisfaction of penalty, if  
9 any, and interest for failure to pay the tax when due. A  
10 purchaser of production related tangible personal property  
11 that is purchased on or after September 1, 2004 who is required  
12 to pay Illinois Use Tax or Service Use Tax on the purchase  
13 directly to the Department may utilize the Manufacturer's  
14 Purchase Credit in satisfaction of the tax arising from that  
15 purchase, but not in satisfaction of penalty and interest. A  
16 purchaser who uses the Manufacturer's Purchase Credit to  
17 purchase property on and after September 1, 2004 which is later  
18 determined not to be production related tangible personal  
19 property may be liable for tax, penalty, and interest on the  
20 purchase of that property as of the date of purchase but shall  
21 be entitled to use the disallowed Manufacturer's Purchase  
22 Credit, so long as it has not expired and is used on qualifying  
23 purchases of production related tangible personal property not  
24 previously subject to credit usage. The Manufacturer's  
25 Purchase Credit earned by a manufacturer or graphic arts  
26 producer expires the last day of the second calendar year

1 following the calendar year in which the credit arose. A  
2 purchaser earning Manufacturer's Purchase Credit shall sign  
3 and file an annual Report of Manufacturer's Purchase Credit  
4 Earned for each calendar year no later than the last day of the  
5 sixth month following the calendar year in which a  
6 Manufacturer's Purchase Credit is earned. A Report of  
7 Manufacturer's Purchase Credit Earned shall be filed on forms  
8 as prescribed or approved by the Department and shall state,  
9 for each month of the calendar year: (i) the total purchase  
10 price of all purchases of exempt manufacturing or graphic arts  
11 machinery on which the credit was earned; (ii) the total State  
12 Use Tax or Service Use Tax which would have been due on those  
13 items; (iii) the percentage used to calculate the amount of  
14 credit earned; (iv) the amount of credit earned; and (v) such  
15 other information as the Department may reasonably require. A  
16 purchaser earning Manufacturer's Purchase Credit shall  
17 maintain records which identify, as to each purchase of  
18 manufacturing or graphic arts machinery and equipment on which  
19 the purchaser earned Manufacturer's Purchase Credit, the  
20 vendor (including, if applicable, either the vendor's  
21 registration number or Federal Employer Identification  
22 Number), the purchase price, and the amount of Manufacturer's  
23 Purchase Credit earned on each purchase. A purchaser using  
24 Manufacturer's Purchase Credit shall sign and file an annual  
25 Report of Manufacturer's Purchase Credit Used for each calendar  
26 year no later than the last day of the sixth month following

1 the calendar year in which a Manufacturer's Purchase Credit is  
2 used. A Report of Manufacturer's Purchase Credit Used shall be  
3 filed on forms as prescribed or approved by the Department and  
4 shall state, for each month of the calendar year: (i) the total  
5 purchase price of production related tangible personal  
6 property purchased from Illinois suppliers; (ii) the total  
7 purchase price of production related tangible personal  
8 property purchased from out-of-state suppliers; (iii) the  
9 total amount of credit used during such month; and (iv) such  
10 other information as the Department may reasonably require. A  
11 purchaser using Manufacturer's Purchase Credit shall maintain  
12 records that identify, as to each purchase of production  
13 related tangible personal property on which the purchaser used  
14 Manufacturer's Purchase Credit, the vendor (including, if  
15 applicable, either the vendor's registration number or Federal  
16 Employer Identification Number), the purchase price, and the  
17 amount of Manufacturer's Purchase Credit used on each purchase.

18 A purchaser that fails to file an annual Report of  
19 Manufacturer's Purchase Credit Earned or an annual Report of  
20 Manufacturer's Purchase Credit Used by the last day of the  
21 sixth month following the end of the calendar year shall  
22 forfeit all Manufacturer's Purchase Credit for that calendar  
23 year unless it establishes that its failure to file was due to  
24 reasonable cause. Manufacturer's Purchase Credit reports may  
25 be amended to report and claim credit on qualifying purchases  
26 not previously reported at any time before the credit would

1 have expired, unless both the Department and the purchaser have  
2 agreed to an extension of the statute of limitations for the  
3 issuance of a notice of tax liability as provided in Section 4  
4 of the Retailers' Occupation Tax Act. If the time for  
5 assessment or refund has been extended, then amended reports  
6 for a calendar year may be filed at any time prior to the date  
7 to which the statute of limitations for the calendar year or  
8 portion thereof has been extended. Manufacturer's Purchase  
9 Credit claimed on an amended report may be used to satisfy tax  
10 liability under the Use Tax Act or the Service Use Tax Act (i)  
11 on qualifying purchases of production related tangible  
12 personal property made after the date the amended report is  
13 filed or (ii) assessed by the Department on qualifying  
14 production related tangible personal property purchased on or  
15 after September 1, 2004. If the purchaser is not the  
16 manufacturer or a graphic arts producer, but rents or leases  
17 the use of the property to a manufacturer or graphic arts  
18 producer, the purchaser may earn, report, and use  
19 Manufacturer's Purchase Credit in the same manner as a  
20 manufacturer or graphic arts producer. A purchaser shall not be  
21 entitled to any Manufacturer's Purchase Credit for a purchase  
22 that is required to be reported and is not timely reported as  
23 provided in this Section. A purchaser remains liable for (i)  
24 any tax that was satisfied by use of a Manufacturer's Purchase  
25 Credit, as of the date of purchase, if that use is not timely  
26 reported as required in this Section and (ii) for any

1 applicable penalties and interest for failing to pay the tax  
2 when due.

3 (Source: P.A. 96-116, eff. 7-31-09.)

4 Section 15. The Service Use Tax Act is amended by changing  
5 Sections 2, 3-5, and 3-70 as follows:

6 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

7 Sec. 2. Definitions. In this Act:

8 "Use" means the exercise by any person of any right or  
9 power over tangible personal property incident to the ownership  
10 of that property, but does not include the sale or use for  
11 demonstration by him of that property in any form as tangible  
12 personal property in the regular course of business. "Use" does  
13 not mean the interim use of tangible personal property nor the  
14 physical incorporation of tangible personal property, as an  
15 ingredient or constituent, into other tangible personal  
16 property, (a) which is sold in the regular course of business  
17 or (b) which the person incorporating such ingredient or  
18 constituent therein has undertaken at the time of such purchase  
19 to cause to be transported in interstate commerce to  
20 destinations outside the State of Illinois.

21 "Purchased from a serviceman" means the acquisition of the  
22 ownership of, or title to, tangible personal property through a  
23 sale of service.

24 "Purchaser" means any person who, through a sale of

1 service, acquires the ownership of, or title to, any tangible  
2 personal property.

3 "Cost price" means the consideration paid by the serviceman  
4 for a purchase valued in money, whether paid in money or  
5 otherwise, including cash, credits and services, and shall be  
6 determined without any deduction on account of the supplier's  
7 cost of the property sold or on account of any other expense  
8 incurred by the supplier. When a serviceman contracts out part  
9 or all of the services required in his sale of service, it  
10 shall be presumed that the cost price to the serviceman of the  
11 property transferred to him or her by his or her subcontractor  
12 is equal to 50% of the subcontractor's charges to the  
13 serviceman in the absence of proof of the consideration paid by  
14 the subcontractor for the purchase of such property.

15 "Selling price" means the consideration for a sale valued  
16 in money whether received in money or otherwise, including  
17 cash, credits and service, and shall be determined without any  
18 deduction on account of the serviceman's cost of the property  
19 sold, the cost of materials used, labor or service cost or any  
20 other expense whatsoever, but does not include interest or  
21 finance charges which appear as separate items on the bill of  
22 sale or sales contract nor charges that are added to prices by  
23 sellers on account of the seller's duty to collect, from the  
24 purchaser, the tax that is imposed by this Act.

25 "Department" means the Department of Revenue.

26 "Person" means any natural individual, firm, partnership,



1 association, joint stock company, joint venture, public or  
2 private corporation, limited liability company, and any  
3 receiver, executor, trustee, guardian or other representative  
4 appointed by order of any court.

5 "Sale of service" means any transaction except:

6 (1) a retail sale of tangible personal property taxable  
7 under the Retailers' Occupation Tax Act or under the Use  
8 Tax Act.

9 (2) a sale of tangible personal property for the  
10 purpose of resale made in compliance with Section 2c of the  
11 Retailers' Occupation Tax Act.

12 (3) except as hereinafter provided, a sale or transfer  
13 of tangible personal property as an incident to the  
14 rendering of service for or by any governmental body, or  
15 for or by any corporation, society, association,  
16 foundation or institution organized and operated  
17 exclusively for charitable, religious or educational  
18 purposes or any not-for-profit corporation, society,  
19 association, foundation, institution or organization which  
20 has no compensated officers or employees and which is  
21 organized and operated primarily for the recreation of  
22 persons 55 years of age or older. A limited liability  
23 company may qualify for the exemption under this paragraph  
24 only if the limited liability company is organized and  
25 operated exclusively for educational purposes.

26 (4) (blank).

1           (4a) a sale or transfer of tangible personal property  
2           as an incident to the rendering of service for owners,  
3           lessors, or shippers of tangible personal property which is  
4           utilized by interstate carriers for hire for use as rolling  
5           stock moving in interstate commerce so long as so used by  
6           interstate carriers for hire, and equipment operated by a  
7           telecommunications provider, licensed as a common carrier  
8           by the Federal Communications Commission, which is  
9           permanently installed in or affixed to aircraft moving in  
10          interstate commerce.

11          (4a-5) on and after July 1, 2003 and through June 30,  
12          2004, a sale or transfer of a motor vehicle of the second  
13          division with a gross vehicle weight in excess of 8,000  
14          pounds as an incident to the rendering of service if that  
15          motor vehicle is subject to the commercial distribution fee  
16          imposed under Section 3-815.1 of the Illinois Vehicle Code.  
17          Beginning on July 1, 2004 and through June 30, 2005, the  
18          use in this State of motor vehicles of the second division:  
19          (i) with a gross vehicle weight rating in excess of 8,000  
20          pounds; (ii) that are subject to the commercial  
21          distribution fee imposed under Section 3-815.1 of the  
22          Illinois Vehicle Code; and (iii) that are primarily used  
23          for commercial purposes. Through June 30, 2005, this  
24          exemption applies to repair and replacement parts added  
25          after the initial purchase of such a motor vehicle if that  
26          motor vehicle is used in a manner that would qualify for

1 the rolling stock exemption otherwise provided for in this  
2 Act. For purposes of this paragraph, "used for commercial  
3 purposes" means the transportation of persons or property  
4 in furtherance of any commercial or industrial enterprise  
5 whether for-hire or not.

6 (5) a sale or transfer of machinery and equipment used  
7 primarily in the process of the manufacturing or  
8 assembling, either in an existing, an expanded or a new  
9 manufacturing facility, of tangible personal property for  
10 wholesale or retail sale or lease, whether such sale or  
11 lease is made directly by the manufacturer or by some other  
12 person, whether the materials used in the process are owned  
13 by the manufacturer or some other person, or whether such  
14 sale or lease is made apart from or as an incident to the  
15 seller's engaging in a service occupation and the  
16 applicable tax is a Service Use Tax or Service Occupation  
17 Tax, rather than Use Tax or Retailers' Occupation Tax. The  
18 exemption provided by this paragraph (5) does not include  
19 machinery and equipment used in (i) the generation of  
20 electricity for wholesale or retail sale; (ii) the  
21 generation or treatment of natural or artificial gas for  
22 wholesale or retail sale that is delivered to customers  
23 through pipes, pipelines, or mains; or (iii) the treatment  
24 of water for wholesale or retail sale that is delivered to  
25 customers through pipes, pipelines, or mains. The  
26 provisions of Public Act 98-583 ~~this amendatory Act of the~~

1 ~~98th General Assembly~~ are declaratory of existing law as to  
2 the meaning and scope of this exemption. The exemption  
3 under this paragraph (5) is exempt from the provisions of  
4 Section 3-75.

5 (5a) the repairing, reconditioning or remodeling, for  
6 a common carrier by rail, of tangible personal property  
7 which belongs to such carrier for hire, and as to which  
8 such carrier receives the physical possession of the  
9 repaired, reconditioned or remodeled item of tangible  
10 personal property in Illinois, and which such carrier  
11 transports, or shares with another common carrier in the  
12 transportation of such property, out of Illinois on a  
13 standard uniform bill of lading showing the person who  
14 repaired, reconditioned or remodeled the property to a  
15 destination outside Illinois, for use outside Illinois.

16 (5b) a sale or transfer of tangible personal property  
17 which is produced by the seller thereof on special order in  
18 such a way as to have made the applicable tax the Service  
19 Occupation Tax or the Service Use Tax, rather than the  
20 Retailers' Occupation Tax or the Use Tax, for an interstate  
21 carrier by rail which receives the physical possession of  
22 such property in Illinois, and which transports such  
23 property, or shares with another common carrier in the  
24 transportation of such property, out of Illinois on a  
25 standard uniform bill of lading showing the seller of the  
26 property as the shipper or consignor of such property to a

1 destination outside Illinois, for use outside Illinois.

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

10 (7) at the election of any serviceman not required to  
11 be otherwise registered as a retailer under Section 2a of  
12 the Retailers' Occupation Tax Act, made for each fiscal  
13 year sales of service in which the aggregate annual cost  
14 price of tangible personal property transferred as an  
15 incident to the sales of service is less than 35%, or 75%  
16 in the case of servicemen transferring prescription drugs  
17 or servicemen engaged in graphic arts production, of the  
18 aggregate annual total gross receipts from all sales of  
19 service. The purchase of such tangible personal property by  
20 the serviceman shall be subject to tax under the Retailers'  
21 Occupation Tax Act and the Use Tax Act. However, if a  
22 primary serviceman who has made the election described in  
23 this paragraph subcontracts service work to a secondary  
24 serviceman who has also made the election described in this  
25 paragraph, the primary serviceman does not incur a Use Tax  
26 liability if the secondary serviceman (i) has paid or will

1 pay Use Tax on his or her cost price of any tangible  
2 personal property transferred to the primary serviceman  
3 and (ii) certifies that fact in writing to the primary  
4 serviceman.

5 Tangible personal property transferred incident to the  
6 completion of a maintenance agreement is exempt from the tax  
7 imposed pursuant to this Act.

8 Exemption (5) also includes machinery and equipment used in  
9 the general maintenance or repair of such exempt machinery and  
10 equipment or for in-house manufacture of exempt machinery and  
11 equipment. On and after July 1, 2017, exemption (5) also  
12 includes graphic arts machinery and equipment, as defined in  
13 paragraph (5) of Section 3-5. The machinery and equipment  
14 exemption does not include machinery and equipment used in (i)  
15 the generation of electricity for wholesale or retail sale;  
16 (ii) the generation or treatment of natural or artificial gas  
17 for wholesale or retail sale that is delivered to customers  
18 through pipes, pipelines, or mains; or (iii) the treatment of  
19 water for wholesale or retail sale that is delivered to  
20 customers through pipes, pipelines, or mains. The provisions of  
21 Public Act 98-583 ~~this amendatory Act of the 98th General~~  
22 ~~Assembly~~ are declaratory of existing law as to the meaning and  
23 scope of this exemption. For the purposes of exemption (5),  
24 each of these terms shall have the following meanings: (1)  
25 "manufacturing process" shall mean the production of any  
26 article of tangible personal property, whether such article is

1 a finished product or an article for use in the process of  
2 manufacturing or assembling a different article of tangible  
3 personal property, by procedures commonly regarded as  
4 manufacturing, processing, fabricating, or refining which  
5 changes some existing material or materials into a material  
6 with a different form, use or name. In relation to a recognized  
7 integrated business composed of a series of operations which  
8 collectively constitute manufacturing, or individually  
9 constitute manufacturing operations, the manufacturing process  
10 shall be deemed to commence with the first operation or stage  
11 of production in the series, and shall not be deemed to end  
12 until the completion of the final product in the last operation  
13 or stage of production in the series; and further, for purposes  
14 of exemption (5), photoprocessing is deemed to be a  
15 manufacturing process of tangible personal property for  
16 wholesale or retail sale; (2) "assembling process" shall mean  
17 the production of any article of tangible personal property,  
18 whether such article is a finished product or an article for  
19 use in the process of manufacturing or assembling a different  
20 article of tangible personal property, by the combination of  
21 existing materials in a manner commonly regarded as assembling  
22 which results in a material of a different form, use or name;  
23 (3) "machinery" shall mean major mechanical machines or major  
24 components of such machines contributing to a manufacturing or  
25 assembling process; ~~and~~ (4) "equipment" shall include any  
26 independent device or tool separate from any machinery but

1 essential to an integrated manufacturing or assembly process;  
2 including computers used primarily in a manufacturer's  
3 computer assisted design, computer assisted manufacturing  
4 (CAD/CAM) system; or any subunit or assembly comprising a  
5 component of any machinery or auxiliary, adjunct or attachment  
6 parts of machinery, such as tools, dies, jigs, fixtures,  
7 patterns and molds; or any parts which require periodic  
8 replacement in the course of normal operation; but shall not  
9 include hand tools; "equipment" ~~Equipment~~ includes chemicals  
10 or chemicals acting as catalysts but only if the chemicals or  
11 chemicals acting as catalysts effect a direct and immediate  
12 change upon a product being manufactured or assembled for  
13 wholesale or retail sale or lease; and (5) "production related  
14 tangible personal property" means all tangible personal  
15 property that is used or consumed by the purchaser in a  
16 manufacturing facility in which a manufacturing process  
17 described in Section 2-45 of the Retailers' Occupation Tax Act  
18 takes place, including tangible personal property that is  
19 purchased for incorporation into real estate within a  
20 manufacturing facility, and including, but not limited to,  
21 tangible personal property that is used or consumed in  
22 activities such as preproduction material handling, receiving,  
23 quality control, inventory control, storage, staging,  
24 packaging for shipping and transportation purposes, and all  
25 tangible personal property used or consumed by the purchaser  
26 for research and development; "production related tangible



1 personal property" does not include (i) tangible personal  
2 property that is used, within or without a manufacturing  
3 facility, in sales, purchasing, accounting, fiscal management,  
4 marketing, personnel recruitment or selection, or landscaping,  
5 or (ii) tangible personal property that is required to be  
6 titled or registered with a department, agency, or unit of  
7 federal, State, or local government. The purchaser of such  
8 machinery and equipment who has an active resale registration  
9 number shall furnish such number to the seller at the time of  
10 purchase. The user of such machinery and equipment and tools  
11 without an active resale registration number shall prepare a  
12 certificate of exemption for each transaction stating facts  
13 establishing the exemption for that transaction, which  
14 certificate shall be available to the Department for inspection  
15 or audit. The Department shall prescribe the form of the  
16 certificate.

17 Any informal rulings, opinions or letters issued by the  
18 Department in response to an inquiry or request for any opinion  
19 from any person regarding the coverage and applicability of  
20 exemption (5) to specific devices shall be published,  
21 maintained as a public record, and made available for public  
22 inspection and copying. If the informal ruling, opinion or  
23 letter contains trade secrets or other confidential  
24 information, where possible the Department shall delete such  
25 information prior to publication. Whenever such informal  
26 rulings, opinions, or letters contain any policy of general

1 applicability, the Department shall formulate and adopt such  
2 policy as a rule in accordance with the provisions of the  
3 Illinois Administrative Procedure Act.

4 On and after July 1, 1987, no entity otherwise eligible  
5 under exemption (3) of this Section shall make tax-free ~~tax~~  
6 ~~free~~ purchases unless it has an active exemption identification  
7 number issued by the Department.

8 The purchase, employment and transfer of such tangible  
9 personal property as newsprint and ink for the primary purpose  
10 of conveying news (with or without other information) is not a  
11 purchase, use or sale of service or of tangible personal  
12 property within the meaning of this Act.

13 "Serviceman" means any person who is engaged in the  
14 occupation of making sales of service.

15 "Sale at retail" means "sale at retail" as defined in the  
16 Retailers' Occupation Tax Act.

17 "Supplier" means any person who makes sales of tangible  
18 personal property to servicemen for the purpose of resale as an  
19 incident to a sale of service.

20 "Serviceman maintaining a place of business in this State",  
21 or any like term, means and includes any serviceman:

22 1. having or maintaining within this State, directly or  
23 by a subsidiary, an office, distribution house, sales  
24 house, warehouse or other place of business, or any agent  
25 or other representative operating within this State under  
26 the authority of the serviceman or its subsidiary,

1           irrespective of whether such place of business or agent or  
2           other representative is located here permanently or  
3           temporarily, or whether such serviceman or subsidiary is  
4           licensed to do business in this State;

5           1.1. having a contract with a person located in this  
6           State under which the person, for a commission or other  
7           consideration based on the sale of service by the  
8           serviceman, directly or indirectly refers potential  
9           customers to the serviceman by providing to the potential  
10          customers a promotional code or other mechanism that allows  
11          the serviceman to track purchases referred by such persons.  
12          Examples of mechanisms that allow the serviceman to track  
13          purchases referred by such persons include but are not  
14          limited to the use of a link on the person's Internet  
15          website, promotional codes distributed through the  
16          person's hand-delivered or mailed material, and  
17          promotional codes distributed by the person through radio  
18          or other broadcast media. The provisions of this paragraph  
19          1.1 shall apply only if the cumulative gross receipts from  
20          sales of service by the serviceman to customers who are  
21          referred to the serviceman by all persons in this State  
22          under such contracts exceed \$10,000 during the preceding 4  
23          quarterly periods ending on the last day of March, June,  
24          September, and December; a serviceman meeting the  
25          requirements of this paragraph 1.1 shall be presumed to be  
26          maintaining a place of business in this State but may rebut

1           this presumption by submitting proof that the referrals or  
2           other activities pursued within this State by such persons  
3           were not sufficient to meet the nexus standards of the  
4           United States Constitution during the preceding 4  
5           quarterly periods;

6           1.2. beginning July 1, 2011, having a contract with a  
7           person located in this State under which:

8                   A. the serviceman sells the same or substantially  
9                   similar line of services as the person located in this  
10                  State and does so using an identical or substantially  
11                  similar name, trade name, or trademark as the person  
12                  located in this State; and

13                  B. the serviceman provides a commission or other  
14                  consideration to the person located in this State based  
15                  upon the sale of services by the serviceman.

16           The provisions of this paragraph 1.2 shall apply only if  
17           the cumulative gross receipts from sales of service by the  
18           serviceman to customers in this State under all such  
19           contracts exceed \$10,000 during the preceding 4 quarterly  
20           periods ending on the last day of March, June, September,  
21           and December;

22           2. soliciting orders for tangible personal property by  
23           means of a telecommunication or television shopping system  
24           (which utilizes toll free numbers) which is intended by the  
25           retailer to be broadcast by cable television or other means  
26           of broadcasting, to consumers located in this State;

1           3. pursuant to a contract with a broadcaster or  
2 publisher located in this State, soliciting orders for  
3 tangible personal property by means of advertising which is  
4 disseminated primarily to consumers located in this State  
5 and only secondarily to bordering jurisdictions;

6           4. soliciting orders for tangible personal property by  
7 mail if the solicitations are substantial and recurring and  
8 if the retailer benefits from any banking, financing, debt  
9 collection, telecommunication, or marketing activities  
10 occurring in this State or benefits from the location in  
11 this State of authorized installation, servicing, or  
12 repair facilities;

13           5. being owned or controlled by the same interests  
14 which own or control any retailer engaging in business in  
15 the same or similar line of business in this State;

16           6. having a franchisee or licensee operating under its  
17 trade name if the franchisee or licensee is required to  
18 collect the tax under this Section;

19           7. pursuant to a contract with a cable television  
20 operator located in this State, soliciting orders for  
21 tangible personal property by means of advertising which is  
22 transmitted or distributed over a cable television system  
23 in this State; or

24           8. engaging in activities in Illinois, which  
25 activities in the state in which the supply business  
26 engaging in such activities is located would constitute

1 maintaining a place of business in that state.

2 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;  
3 revised 9-27-17.)

4 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

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

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

1 including that manufactured on special order, certified by the  
2 purchaser to be used primarily for production agriculture or  
3 State or federal agricultural programs, including individual  
4 replacement parts for the machinery and equipment, including  
5 machinery and equipment purchased for lease, and including  
6 implements of husbandry defined in Section 1-130 of the  
7 Illinois Vehicle Code, farm machinery and agricultural  
8 chemical and fertilizer spreaders, and nurse wagons required 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 (7). Agricultural chemical tender tanks and dry boxes  
15 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 computers,  
2 sensors, software, and related equipment used primarily in the  
3 computer-assisted operation of production agriculture  
4 facilities, equipment, and activities such as, but not limited  
5 to, the collection, monitoring, and correlation of animal and  
6 crop data for the purpose of formulating animal diets and  
7 agricultural chemicals. This item (7) is exempt from the  
8 provisions of Section 3-75.

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

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

26 (9) Proceeds of mandatory service charges separately

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

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

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

24 (12) Coal and aggregate exploration, mining, off-highway  
25 hauling, processing, maintenance, and reclamation equipment,  
26 including replacement parts and equipment, and including

1 equipment purchased for lease, but excluding motor vehicles  
2 required to be registered under the Illinois Vehicle Code. The  
3 changes made to this Section by Public Act 97-767 apply on and  
4 after July 1, 2003, but no claim for credit or refund is  
5 allowed on or after August 16, 2013 (the effective date of  
6 Public Act 98-456) for such taxes paid during the period  
7 beginning July 1, 2003 and ending on August 16, 2013 (the  
8 effective date of Public Act 98-456). This item (12) is exempt  
9 from the provisions of Section 3-75.

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

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

25 (15) Computers and communications equipment utilized for  
26 any hospital purpose and equipment used in the diagnosis,

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

21 (16) Personal property purchased by a lessor who leases the  
22 property, under a lease of one year or longer executed or in  
23 effect at the time the lessor would otherwise be subject to the  
24 tax imposed by this Act, to a governmental body that has been  
25 issued an active tax exemption identification number by the  
26 Department under Section 1g of the Retailers' Occupation Tax

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

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

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

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

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

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

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

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

1 vending business if a use or occupation tax is paid on the  
2 gross receipts derived from the use of the commercial,  
3 coin-operated amusement and vending machines. This paragraph  
4 is exempt from the provisions of Section 3-75.

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

18 (24) Beginning on the effective date of this amendatory Act  
19 of the 92nd General Assembly, computers and communications  
20 equipment utilized for any hospital purpose and equipment used  
21 in the diagnosis, analysis, or treatment of hospital patients  
22 purchased by a lessor who leases the equipment, under a lease  
23 of one year or longer executed or in effect at the time the  
24 lessor would otherwise be subject to the tax imposed by this  
25 Act, to a hospital that has been issued an active tax exemption  
26 identification number by the Department under Section 1g of the



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

16 (25) Beginning on the effective date of this amendatory Act  
17 of the 92nd General Assembly, personal property purchased by a  
18 lessor who leases the property, under a lease of one year or  
19 longer executed or in effect at the time the lessor would  
20 otherwise be subject to the tax imposed by this Act, 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. If the property is leased in a  
24 manner that does not qualify for this exemption or is used in  
25 any other nonexempt manner, the lessor shall be liable for the  
26 tax imposed under this Act or the Use Tax Act, as the case may

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

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

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

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

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

1 consideration by or on behalf of the municipality at the time  
2 of the completion of the municipal convention hall or upon the  
3 retirement or redemption of any bonds or other debt instruments  
4 issued by the public-facilities corporation in connection with  
5 the development of the municipal convention hall. This  
6 exemption includes existing public-facilities corporations as  
7 provided in Section 11-65-25 of the Illinois Municipal Code.  
8 This paragraph is exempt from the provisions of Section 3-75.

9 (29) Beginning January 1, 2017, menstrual pads, tampons,  
10 and menstrual cups.

11 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;  
12 100-22, eff. 7-6-17.)

13 (35 ILCS 110/3-70)

14 Sec. 3-70. Manufacturer's Purchase Credit. For purchases  
15 of machinery and equipment made on and after January 1, 1995  
16 and through June 30, 2003, and on and after September 1, 2004  
17 through August 30, 2014, a purchaser of manufacturing machinery  
18 and equipment that qualifies for the exemption provided by  
19 Section 2 of this Act earns a credit in an amount equal to a  
20 fixed percentage of the tax which would have been incurred  
21 under this Act on those purchases. For purchases of graphic  
22 arts machinery and equipment made on or after July 1, 1996  
23 through June 30, 2003, and on and after September 1, 2004  
24 through August 30, 2014, a purchase of graphic arts machinery  
25 and equipment that qualifies for the exemption provided by

1 paragraph (5) of Section 3-5 of this Act earns a credit in an  
2 amount equal to a fixed percentage of the tax that would have  
3 been incurred under this Act on those purchases. The credit  
4 earned for the purchase of manufacturing machinery and  
5 equipment and graphic arts machinery and equipment shall be  
6 referred to as the Manufacturer's Purchase Credit. A graphic  
7 arts producer is a person engaged in graphic arts production as  
8 defined in Section 3-30 of the Service Occupation Tax Act.  
9 Beginning July 1, 1996, all references in this Section to  
10 manufacturers or manufacturing shall also refer to graphic arts  
11 producers or graphic arts production.

12 The amount of credit shall be a percentage of the tax that  
13 would have been incurred on the purchase of the manufacturing  
14 machinery and equipment or graphic arts machinery and equipment  
15 if the exemptions provided by Section 2 or paragraph (5) of  
16 Section 3-5 of this Act had not been applicable.

17 All purchases prior to October 1, 2003 and on and after  
18 September 1, 2004 and through August 30, 2014 of manufacturing  
19 machinery and equipment and graphic arts machinery and  
20 equipment that qualify for the exemptions provided by paragraph  
21 (5) of Section 2 or paragraph (5) of Section 3-5 of this Act  
22 qualify for the credit without regard to whether the serviceman  
23 elected, or could have elected, under paragraph (7) of Section  
24 2 of this Act to exclude the transaction from this Act. If the  
25 serviceman's billing to the service customer separately states  
26 a selling price for the exempt manufacturing machinery or

1 equipment or the exempt graphic arts machinery and equipment,  
2 the credit shall be calculated, as otherwise provided herein,  
3 based on that selling price. If the serviceman's billing does  
4 not separately state a selling price for the exempt  
5 manufacturing machinery and equipment or the exempt graphic  
6 arts machinery and equipment, the credit shall be calculated,  
7 as otherwise provided herein, based on 50% of the entire  
8 billing. If the serviceman contracts to design, develop, and  
9 produce special order manufacturing machinery and equipment or  
10 special order graphic arts machinery and equipment, and the  
11 billing does not separately state a selling price for such  
12 special order machinery and equipment, the credit shall be  
13 calculated, as otherwise provided herein, based on 50% of the  
14 entire billing. The provisions of this paragraph are effective  
15 for purchases made on or after January 1, 1995.

16 The percentage shall be as follows:

17 (1) 15% for purchases made on or before June 30, 1995.

18 (2) 25% for purchases made after June 30, 1995, and on  
19 or before June 30, 1996.

20 (3) 40% for purchases made after June 30, 1996, and on  
21 or before June 30, 1997.

22 (4) 50% for purchases made on or after July 1, 1997.

23 (a) Manufacturer's Purchase Credit earned prior to July 1,  
24 2003. This subsection (a) applies to Manufacturer's Purchase  
25 Credit earned prior to July 1, 2003. A purchaser of production  
26 related tangible personal property desiring to use the

1 Manufacturer's Purchase Credit shall certify to the seller  
2 prior to October 1, 2003 that the purchaser is satisfying all  
3 or part of the liability under the Use Tax Act or the Service  
4 Use Tax Act that is due on the purchase of the production  
5 related tangible personal property by use of a Manufacturer's  
6 Purchase Credit. The Manufacturer's Purchase Credit  
7 certification must be dated and shall include the name and  
8 address of the purchaser, the purchaser's registration number,  
9 if registered, the credit being applied, and a statement that  
10 the State Use Tax or Service Use Tax liability is being  
11 satisfied with the manufacturer's or graphic arts producer's  
12 accumulated purchase credit. Certification may be incorporated  
13 into the manufacturer's or graphic arts producer's purchase  
14 order. Manufacturer's Purchase Credit certification provided  
15 by the manufacturer or graphic arts producer prior to October  
16 1, 2003 may be used to satisfy the retailer's or serviceman's  
17 liability under the Retailers' Occupation Tax Act or Service  
18 Occupation Tax Act for the credit claimed, not to exceed 6.25%  
19 of the receipts subject to tax from a qualifying purchase, but  
20 only if the retailer or serviceman reports the Manufacturer's  
21 Purchase Credit claimed as required by the Department. A  
22 Manufacturer's Purchase Credit reported on any original or  
23 amended return filed under this Act after October 20, 2003  
24 shall be disallowed. The Manufacturer's Purchase Credit earned  
25 by purchase of exempt manufacturing machinery and equipment or  
26 graphic arts machinery and equipment is a non-transferable

1 credit. A manufacturer or graphic arts producer that enters  
2 into a contract involving the installation of tangible personal  
3 property into real estate within a manufacturing or graphic  
4 arts production facility, prior to October 1, 2003, may  
5 authorize a construction contractor to utilize credit  
6 accumulated by the manufacturer or graphic arts producer to  
7 purchase the tangible personal property. A manufacturer or  
8 graphic arts producer intending to use accumulated credit to  
9 purchase such tangible personal property shall execute a  
10 written contract authorizing the contractor to utilize a  
11 specified dollar amount of credit. The contractor shall  
12 furnish, prior to October 1, 2003, the supplier with the  
13 manufacturer's or graphic arts producer's name, registration  
14 or resale number, and a statement that a specific amount of the  
15 Use Tax or Service Use Tax liability, not to exceed 6.25% of  
16 the selling price, is being satisfied with the credit. The  
17 manufacturer or graphic arts producer shall remain liable to  
18 timely report all information required by the annual Report of  
19 Manufacturer's Purchase Credit Used for credit utilized by a  
20 construction contractor.

21 No Manufacturer's Purchase Credit earned prior to July 1,  
22 2003 may be used after October 1, 2003. The Manufacturer's  
23 Purchase Credit may be used to satisfy liability under the Use  
24 Tax Act or the Service Use Tax Act due on the purchase of  
25 production related tangible personal property (including  
26 purchases by a manufacturer, by a graphic arts producer, or a



1 lessor who rents or leases the use of the property to a  
2 manufacturer or graphic arts producer) that does not otherwise  
3 qualify for the manufacturing machinery and equipment  
4 exemption or the graphic arts machinery and equipment  
5 exemption. "Production related tangible personal property"  
6 means (i) all tangible personal property used or consumed by  
7 the purchaser in a manufacturing facility in which a  
8 manufacturing process described in Section 2-45 of the  
9 Retailers' Occupation Tax Act takes place, including tangible  
10 personal property purchased for incorporation into real estate  
11 within a manufacturing facility and including, but not limited  
12 to, tangible personal property used or consumed in activities  
13 such as pre-production material handling, receiving, quality  
14 control, inventory control, storage, staging, and packaging  
15 for shipping and transportation purposes; (ii) all tangible  
16 personal property used or consumed by the purchaser in a  
17 graphic arts facility in which graphic arts production as  
18 described in Section 2-30 of the Retailers' Occupation Tax Act  
19 takes place, including tangible personal property purchased  
20 for incorporation into real estate within a graphic arts  
21 facility and including, but not limited to, all tangible  
22 personal property used or consumed in activities such as  
23 graphic arts preliminary or pre-press production,  
24 pre-production material handling, receiving, quality control,  
25 inventory control, storage, staging, sorting, labeling,  
26 mailing, tying, wrapping, and packaging; and (iii) all tangible

1 personal property used or consumed by the purchaser for  
2 research and development. "Production related tangible  
3 personal property" does not include (i) tangible personal  
4 property used, within or without a manufacturing or graphic  
5 arts facility, in sales, purchasing, accounting, fiscal  
6 management, marketing, personnel recruitment or selection, or  
7 landscaping or (ii) tangible personal property required to be  
8 titled or registered with a department, agency, or unit of  
9 federal, state, or local government. The Manufacturer's  
10 Purchase Credit may be used, prior to October 1, 2003, to  
11 satisfy the tax arising either from the purchase of machinery  
12 and equipment on or after January 1, 1995 for which the  
13 manufacturing machinery and equipment exemption provided by  
14 Section 2 of this Act was erroneously claimed, or the purchase  
15 of machinery and equipment on or after July 1, 1996 for which  
16 the exemption provided by paragraph (5) of Section 3-5 of this  
17 Act was erroneously claimed, but not in satisfaction of  
18 penalty, if any, and interest for failure to pay the tax when  
19 due. A purchaser of production related tangible personal  
20 property who is required to pay Illinois Use Tax or Service Use  
21 Tax on the purchase directly to the Department may, prior to  
22 October 1, 2003, utilize the Manufacturer's Purchase Credit in  
23 satisfaction of the tax arising from that purchase, but not in  
24 satisfaction of penalty and interest. A purchaser who uses the  
25 Manufacturer's Purchase Credit to purchase property which is  
26 later determined not to be production related tangible personal

1 property may be liable for tax, penalty, and interest on the  
2 purchase of that property as of the date of purchase but shall  
3 be entitled to use the disallowed Manufacturer's Purchase  
4 Credit, so long as it has not expired and is used prior to  
5 October 1, 2003, on qualifying purchases of production related  
6 tangible personal property not previously subject to credit  
7 usage. The Manufacturer's Purchase Credit earned by a  
8 manufacturer or graphic arts producer expires the last day of  
9 the second calendar year following the calendar year in which  
10 the credit arose. No Manufacturer's Purchase Credit may be used  
11 after September 30, 2003 regardless of when that credit was  
12 earned.

13 A purchaser earning Manufacturer's Purchase Credit shall  
14 sign and file an annual Report of Manufacturer's Purchase  
15 Credit Earned for each calendar year no later than the last day  
16 of the sixth month following the calendar year in which a  
17 Manufacturer's Purchase Credit is earned. A Report of  
18 Manufacturer's Purchase Credit Earned shall be filed on forms  
19 as prescribed or approved by the Department and shall state,  
20 for each month of the calendar year: (i) the total purchase  
21 price of all purchases of exempt manufacturing or graphic arts  
22 machinery on which the credit was earned; (ii) the total State  
23 Use Tax or Service Use Tax which would have been due on those  
24 items; (iii) the percentage used to calculate the amount of  
25 credit earned; (iv) the amount of credit earned; and (v) such  
26 other information as the Department may reasonably require. A

1 purchaser earning Manufacturer's Purchase Credit shall  
2 maintain records which identify, as to each purchase of  
3 manufacturing or graphic arts machinery and equipment on which  
4 the purchaser earned Manufacturer's Purchase Credit, the  
5 vendor (including, if applicable, either the vendor's  
6 registration number or Federal Employer Identification  
7 Number), the purchase price, and the amount of Manufacturer's  
8 Purchase Credit earned on each purchase.

9 A purchaser using Manufacturer's Purchase Credit shall  
10 sign and file an annual Report of Manufacturer's Purchase  
11 Credit Used for each calendar year no later than the last day  
12 of the sixth month following the calendar year in which a  
13 Manufacturer's Purchase Credit is used. A Report of  
14 Manufacturer's Purchase Credit Used shall be filed on forms as  
15 prescribed or approved by the Department and shall state, for  
16 each month of the calendar year: (i) the total purchase price  
17 of production related tangible personal property purchased  
18 from Illinois suppliers; (ii) the total purchase price of  
19 production related tangible personal property purchased from  
20 out-of-state suppliers; (iii) the total amount of credit used  
21 during such month; and (iv) such other information as the  
22 Department may reasonably require. A purchaser using  
23 Manufacturer's Purchase Credit shall maintain records that  
24 identify, as to each purchase of production related tangible  
25 personal property on which the purchaser used Manufacturer's  
26 Purchase Credit, the vendor (including, if applicable, either

1 the vendor's registration number or Federal Employer  
2 Identification Number), the purchase price, and the amount of  
3 Manufacturer's Purchase Credit used on each purchase.

4 No annual report shall be filed before May 1, 1996 or after  
5 June 30, 2004. A purchaser that fails to file an annual Report  
6 of Manufacturer's Purchase Credit Earned or an annual Report of  
7 Manufacturer's Purchase Credit Used by the last day of the  
8 sixth month following the end of the calendar year shall  
9 forfeit all Manufacturer's Purchase Credit for that calendar  
10 year unless it establishes that its failure to file was due to  
11 reasonable cause. Manufacturer's Purchase Credit reports may  
12 be amended to report and claim credit on qualifying purchases  
13 not previously reported at any time before the credit would  
14 have expired, unless both the Department and the purchaser have  
15 agreed to an extension of the statute of limitations for the  
16 issuance of a notice of tax liability as provided in Section 4  
17 of the Retailers' Occupation Tax Act. If the time for  
18 assessment or refund has been extended, then amended reports  
19 for a calendar year may be filed at any time prior to the date  
20 to which the statute of limitations for the calendar year or  
21 portion thereof has been extended. No Manufacturer's Purchase  
22 Credit report filed with the Department for periods prior to  
23 January 1, 1995 shall be approved. Manufacturer's Purchase  
24 Credit claimed on an amended report may be used, prior to  
25 October 1, 2003, to satisfy tax liability under the Use Tax Act  
26 or the Service Use Tax Act (i) on qualifying purchases of

1 production related tangible personal property made after the  
2 date the amended report is filed or (ii) assessed by the  
3 Department on qualifying purchases of production related  
4 tangible personal property made in the case of manufacturers on  
5 or after January 1, 1995, or in the case of graphic arts  
6 producers on or after July 1, 1996.

7 If the purchaser is not the manufacturer or a graphic arts  
8 producer, but rents or leases the use of the property to a  
9 manufacturer or a graphic arts producer, the purchaser may  
10 earn, report, and use Manufacturer's Purchase Credit in the  
11 same manner as a manufacturer or graphic arts producer.

12 A purchaser shall not be entitled to any Manufacturer's  
13 Purchase Credit for a purchase that is required to be reported  
14 and is not timely reported as provided in this Section. A  
15 purchaser remains liable for (i) any tax that was satisfied by  
16 use of a Manufacturer's Purchase Credit, as of the date of  
17 purchase, if that use is not timely reported as required in  
18 this Section and (ii) for any applicable penalties and interest  
19 for failing to pay the tax when due. No Manufacturer's Purchase  
20 Credit may be used after September 30, 2003 to satisfy any tax  
21 liability imposed under this Act, including any audit  
22 liability.

23 (b) Manufacturer's Purchase Credit earned on and after  
24 September 1, 2004 and through August 30, 2014. This subsection  
25 (b) applies to Manufacturer's Purchase Credit earned on or  
26 after September 1, 2004 and through August 30, 2014.

1 Manufacturer's Purchase Credit earned on or after September 1,  
2 2004 and through August 30, 2014 may only be used to satisfy  
3 the Use Tax or Service Use Tax liability incurred on production  
4 related tangible personal property purchased on or after  
5 September 1, 2004 and through August 30, 2014. A purchaser of  
6 production related tangible personal property desiring to use  
7 the Manufacturer's Purchase Credit shall certify to the seller  
8 that the purchaser is satisfying all or part of the liability  
9 under the Use Tax Act or the Service Use Tax Act that is due on  
10 the purchase of the production related tangible personal  
11 property by use of a Manufacturer's Purchase Credit. The  
12 Manufacturer's Purchase Credit certification must be dated and  
13 shall include the name and address of the purchaser, the  
14 purchaser's registration number, if registered, the credit  
15 being applied, and a statement that the State Use Tax or  
16 Service Use Tax liability is being satisfied with the  
17 manufacturer's or graphic arts producer's accumulated purchase  
18 credit. Certification may be incorporated into the  
19 manufacturer's or graphic arts producer's purchase order.  
20 Manufacturer's Purchase Credit certification provided by the  
21 manufacturer or graphic arts producer may be used to satisfy  
22 the retailer's or serviceman's liability under the Retailers'  
23 Occupation Tax Act or Service Occupation Tax Act for the credit  
24 claimed, not to exceed 6.25% of the receipts subject to tax  
25 from a qualifying purchase, but only if the retailer or  
26 serviceman reports the Manufacturer's Purchase Credit claimed

1 as required by the Department. The Manufacturer's Purchase  
2 Credit earned by purchase of exempt manufacturing machinery and  
3 equipment or graphic arts machinery and equipment is a  
4 non-transferable credit. A manufacturer or graphic arts  
5 producer that enters into a contract involving the installation  
6 of tangible personal property into real estate within a  
7 manufacturing or graphic arts production facility may, on or  
8 after September 1, 2004, authorize a construction contractor to  
9 utilize credit accumulated by the manufacturer or graphic arts  
10 producer to purchase the tangible personal property. A  
11 manufacturer or graphic arts producer intending to use  
12 accumulated credit to purchase such tangible personal property  
13 shall execute a written contract authorizing the contractor to  
14 utilize a specified dollar amount of credit. The contractor  
15 shall furnish the supplier with the manufacturer's or graphic  
16 arts producer's name, registration or resale number, and a  
17 statement that a specific amount of the Use Tax or Service Use  
18 Tax liability, not to exceed 6.25% of the selling price, is  
19 being satisfied with the credit. The manufacturer or graphic  
20 arts producer shall remain liable to timely report all  
21 information required by the annual Report of Manufacturer's  
22 Purchase Credit Used for credit utilized by a construction  
23 contractor.

24 The Manufacturer's Purchase Credit may be used to satisfy  
25 liability under the Use Tax Act or the Service Use Tax Act due  
26 on the purchase, made on or after September 1, 2004, of



1 production related tangible personal property (including  
2 purchases by a manufacturer, by a graphic arts producer, or a  
3 lessor who rents or leases the use of the property to a  
4 manufacturer or graphic arts producer) that does not otherwise  
5 qualify for the manufacturing machinery and equipment  
6 exemption or the graphic arts machinery and equipment  
7 exemption. "Production related tangible personal property"  
8 means (i) all tangible personal property used or consumed by  
9 the purchaser in a manufacturing facility in which a  
10 manufacturing process described in Section 2-45 of the  
11 Retailers' Occupation Tax Act takes place, including tangible  
12 personal property purchased for incorporation into real estate  
13 within a manufacturing facility and including, but not limited  
14 to, tangible personal property used or consumed in activities  
15 such as pre-production material handling, receiving, quality  
16 control, inventory control, storage, staging, and packaging  
17 for shipping and transportation purposes; (ii) all tangible  
18 personal property used or consumed by the purchaser in a  
19 graphic arts facility in which graphic arts production as  
20 described in Section 2-30 of the Retailers' Occupation Tax Act  
21 takes place, including tangible personal property purchased  
22 for incorporation into real estate within a graphic arts  
23 facility and including, but not limited to, all tangible  
24 personal property used or consumed in activities such as  
25 graphic arts preliminary or pre-press production,  
26 pre-production material handling, receiving, quality control,

1 inventory control, storage, staging, sorting, labeling,  
2 mailing, tying, wrapping, and packaging; and (iii) all tangible  
3 personal property used or consumed by the purchaser for  
4 research and development. "Production related tangible  
5 personal property" does not include (i) tangible personal  
6 property used, within or without a manufacturing or graphic  
7 arts facility, in sales, purchasing, accounting, fiscal  
8 management, marketing, personnel recruitment or selection, or  
9 landscaping or (ii) tangible personal property required to be  
10 titled or registered with a department, agency, or unit of  
11 federal, state, or local government. The Manufacturer's  
12 Purchase Credit may be used to satisfy the tax arising either  
13 from the purchase of machinery and equipment on or after  
14 September 1, 2004 for which the manufacturing machinery and  
15 equipment exemption provided by Section 2 of this Act was  
16 erroneously claimed, or the purchase of machinery and equipment  
17 on or after September 1, 2004 for which the exemption provided  
18 by paragraph (5) of Section 3-5 of this Act was erroneously  
19 claimed, but not in satisfaction of penalty, if any, and  
20 interest for failure to pay the tax when due. A purchaser of  
21 production related tangible personal property that is  
22 purchased on or after September 1, 2004 who is required to pay  
23 Illinois Use Tax or Service Use Tax on the purchase directly to  
24 the Department may utilize the Manufacturer's Purchase Credit  
25 in satisfaction of the tax arising from that purchase, but not  
26 in satisfaction of penalty and interest. A purchaser who uses

1 the Manufacturer's Purchase Credit to purchase property on and  
2 after September 1, 2004 which is later determined not to be  
3 production related tangible personal property may be liable for  
4 tax, penalty, and interest on the purchase of that property as  
5 of the date of purchase but shall be entitled to use the  
6 disallowed Manufacturer's Purchase Credit, so long as it has  
7 not expired, on qualifying purchases of production related  
8 tangible personal property not previously subject to credit  
9 usage. The Manufacturer's Purchase Credit earned by a  
10 manufacturer or graphic arts producer expires the last day of  
11 the second calendar year following the calendar year in which  
12 the credit arose.

13 A purchaser earning Manufacturer's Purchase Credit shall  
14 sign and file an annual Report of Manufacturer's Purchase  
15 Credit Earned for each calendar year no later than the last day  
16 of the sixth month following the calendar year in which a  
17 Manufacturer's Purchase Credit is earned. A Report of  
18 Manufacturer's Purchase Credit Earned shall be filed on forms  
19 as prescribed or approved by the Department and shall state,  
20 for each month of the calendar year: (i) the total purchase  
21 price of all purchases of exempt manufacturing or graphic arts  
22 machinery on which the credit was earned; (ii) the total State  
23 Use Tax or Service Use Tax which would have been due on those  
24 items; (iii) the percentage used to calculate the amount of  
25 credit earned; (iv) the amount of credit earned; and (v) such  
26 other information as the Department may reasonably require. A

1 purchaser earning Manufacturer's Purchase Credit shall  
2 maintain records which identify, as to each purchase of  
3 manufacturing or graphic arts machinery and equipment on which  
4 the purchaser earned Manufacturer's Purchase Credit, the  
5 vendor (including, if applicable, either the vendor's  
6 registration number or Federal Employer Identification  
7 Number), the purchase price, and the amount of Manufacturer's  
8 Purchase Credit earned on each purchase.

9 A purchaser using Manufacturer's Purchase Credit shall  
10 sign and file an annual Report of Manufacturer's Purchase  
11 Credit Used for each calendar year no later than the last day  
12 of the sixth month following the calendar year in which a  
13 Manufacturer's Purchase Credit is used. A Report of  
14 Manufacturer's Purchase Credit Used shall be filed on forms as  
15 prescribed or approved by the Department and shall state, for  
16 each month of the calendar year: (i) the total purchase price  
17 of production related tangible personal property purchased  
18 from Illinois suppliers; (ii) the total purchase price of  
19 production related tangible personal property purchased from  
20 out-of-state suppliers; (iii) the total amount of credit used  
21 during such month; and (iv) such other information as the  
22 Department may reasonably require. A purchaser using  
23 Manufacturer's Purchase Credit shall maintain records that  
24 identify, as to each purchase of production related tangible  
25 personal property on which the purchaser used Manufacturer's  
26 Purchase Credit, the vendor (including, if applicable, either

1 the vendor's registration number or Federal Employer  
2 Identification Number), the purchase price, and the amount of  
3 Manufacturer's Purchase Credit used on each purchase.

4 A purchaser that fails to file an annual Report of  
5 Manufacturer's Purchase Credit Earned or an annual Report of  
6 Manufacturer's Purchase Credit Used by the last day of the  
7 sixth month following the end of the calendar year shall  
8 forfeit all Manufacturer's Purchase Credit for that calendar  
9 year unless it establishes that its failure to file was due to  
10 reasonable cause. Manufacturer's Purchase Credit reports may  
11 be amended to report and claim credit on qualifying purchases  
12 not previously reported at any time before the credit would  
13 have expired, unless both the Department and the purchaser have  
14 agreed to an extension of the statute of limitations for the  
15 issuance of a notice of tax liability as provided in Section 4  
16 of the Retailers' Occupation Tax Act. If the time for  
17 assessment or refund has been extended, then amended reports  
18 for a calendar year may be filed at any time prior to the date  
19 to which the statute of limitations for the calendar year or  
20 portion thereof has been extended. Manufacturer's Purchase  
21 Credit claimed on an amended report may be used to satisfy tax  
22 liability under the Use Tax Act or the Service Use Tax Act (i)  
23 on qualifying purchases of production related tangible  
24 personal property made after the date the amended report is  
25 filed or (ii) assessed by the Department on qualifying  
26 production related tangible personal property purchased on or

1 after September 1, 2004.

2 If the purchaser is not the manufacturer or a graphic arts  
3 producer, but rents or leases the use of the property to a  
4 manufacturer or a graphic arts producer, the purchaser may  
5 earn, report, and use Manufacturer's Purchase Credit in the  
6 same manner as a manufacturer or graphic arts producer. A  
7 purchaser shall not be entitled to any Manufacturer's Purchase  
8 Credit for a purchase that is required to be reported and is  
9 not timely reported as provided in this Section. A purchaser  
10 remains liable for (i) any tax that was satisfied by use of a  
11 Manufacturer's Purchase Credit, as of the date of purchase, if  
12 that use is not timely reported as required in this Section and  
13 (ii) for any applicable penalties and interest for failing to  
14 pay the tax when due.

15 (Source: P.A. 96-116, eff. 7-31-09.)

16 Section 20. The Service Occupation Tax Act is amended by  
17 changing Sections 2, 3-5, and 9 as follows:

18 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

19 Sec. 2. In this Act:

20 "Transfer" means any transfer of the title to property or  
21 of the ownership of property whether or not the transferor  
22 retains title as security for the payment of amounts due him  
23 from the transferee.

24 "Cost Price" means the consideration paid by the serviceman

1 for a purchase valued in money, whether paid in money or  
2 otherwise, including cash, credits and services, and shall be  
3 determined without any deduction on account of the supplier's  
4 cost of the property sold or on account of any other expense  
5 incurred by the supplier. When a serviceman contracts out part  
6 or all of the services required in his sale of service, it  
7 shall be presumed that the cost price to the serviceman of the  
8 property transferred to him by his or her subcontractor is  
9 equal to 50% of the subcontractor's charges to the serviceman  
10 in the absence of proof of the consideration paid by the  
11 subcontractor for the purchase of such property.

12 "Department" means the Department of Revenue.

13 "Person" means any natural individual, firm, partnership,  
14 association, joint stock company, joint venture, public or  
15 private corporation, limited liability company, and any  
16 receiver, executor, trustee, guardian or other representative  
17 appointed by order of any court.

18 "Sale of Service" means any transaction except:

19 (a) A retail sale of tangible personal property taxable  
20 under the Retailers' Occupation Tax Act or under the Use Tax  
21 Act.

22 (b) A sale of tangible personal property for the purpose of  
23 resale made in compliance with Section 2c of the Retailers'  
24 Occupation Tax Act.

25 (c) Except as hereinafter provided, a sale or transfer of  
26 tangible personal property as an incident to the rendering of

1 service for or by any governmental body or for or by any  
2 corporation, society, association, foundation or institution  
3 organized and operated exclusively for charitable, religious  
4 or educational purposes or any not-for-profit corporation,  
5 society, association, foundation, institution or organization  
6 which has no compensated officers or employees and which is  
7 organized and operated primarily for the recreation of persons  
8 55 years of age or older. A limited liability company may  
9 qualify for the exemption under this paragraph only if the  
10 limited liability company is organized and operated  
11 exclusively for educational purposes.

12 (d) (Blank).

13 (d-1) A sale or transfer of tangible personal property as  
14 an incident to the rendering of service for owners, lessors or  
15 shippers of tangible personal property which is utilized by  
16 interstate carriers for hire for use as rolling stock moving in  
17 interstate commerce, and equipment operated by a  
18 telecommunications provider, licensed as a common carrier by  
19 the Federal Communications Commission, which is permanently  
20 installed in or affixed to aircraft moving in interstate  
21 commerce.

22 (d-1.1) On and after July 1, 2003 and through June 30,  
23 2004, a sale or transfer of a motor vehicle of the second  
24 division with a gross vehicle weight in excess of 8,000 pounds  
25 as an incident to the rendering of service if that motor  
26 vehicle is subject to the commercial distribution fee imposed



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

16 (d-2) The repairing, reconditioning or remodeling, for a  
17 common carrier by rail, of tangible personal property which  
18 belongs to such carrier for hire, and as to which such carrier  
19 receives the physical possession of the repaired,  
20 reconditioned or remodeled item of tangible personal property  
21 in Illinois, and which such carrier transports, or shares with  
22 another common carrier in the transportation of such property,  
23 out of Illinois on a standard uniform bill of lading showing  
24 the person who repaired, reconditioned or remodeled the  
25 property as the shipper or consignor of such property to a  
26 destination outside Illinois, for use outside Illinois.

1           (d-3) A sale or transfer of tangible personal property  
2 which is produced by the seller thereof on special order in  
3 such a way as to have made the applicable tax the Service  
4 Occupation Tax or the Service Use Tax, rather than the  
5 Retailers' Occupation Tax or the Use Tax, for an interstate  
6 carrier by rail which receives the physical possession of such  
7 property in Illinois, and which transports such property, or  
8 shares with another common carrier in the transportation of  
9 such property, out of Illinois on a standard uniform bill of  
10 lading showing the seller of the property as the shipper or  
11 consignor of such property to a destination outside Illinois,  
12 for use outside Illinois.

13           (d-4) Until January 1, 1997, a sale, by a registered  
14 serviceman paying tax under this Act to the Department, of  
15 special order printed materials delivered outside Illinois and  
16 which are not returned to this State, if delivery is made by  
17 the seller or agent of the seller, including an agent who  
18 causes the product to be delivered outside Illinois by a common  
19 carrier or the U.S. postal service.

20           (e) A sale or transfer of machinery and equipment used  
21 primarily in the process of the manufacturing or assembling,  
22 either in an existing, an expanded or a new manufacturing  
23 facility, of tangible personal property for wholesale or retail  
24 sale or lease, whether such sale or lease is made directly by  
25 the manufacturer or by some other person, whether the materials  
26 used in the process are owned by the manufacturer or some other

1 person, or whether such sale or lease is made apart from or as  
2 an incident to the seller's engaging in a service occupation  
3 and the applicable tax is a Service Occupation Tax or Service  
4 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The  
5 exemption provided by this paragraph (e) does not include  
6 machinery and equipment used in (i) the generation of  
7 electricity for wholesale or retail sale; (ii) the generation  
8 or treatment of natural or artificial gas for wholesale or  
9 retail sale that is delivered to customers through pipes,  
10 pipelines, or mains; or (iii) the treatment of water for  
11 wholesale or retail sale that is delivered to customers through  
12 pipes, pipelines, or mains. The provisions of Public Act 98-583  
13 ~~this amendatory Act of the 98th General Assembly~~ are  
14 declaratory of existing law as to the meaning and scope of this  
15 exemption. The exemption under this subsection (e) is exempt  
16 from the provisions of Section 3-75.

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

24 (g) At the election of any serviceman not required to be  
25 otherwise registered as a retailer under Section 2a of the  
26 Retailers' Occupation Tax Act, made for each fiscal year sales

1 of service in which the aggregate annual cost price of tangible  
2 personal property transferred as an incident to the sales of  
3 service is less than 35% (75% in the case of servicemen  
4 transferring prescription drugs or servicemen engaged in  
5 graphic arts production) of the aggregate annual total gross  
6 receipts from all sales of service. The purchase of such  
7 tangible personal property by the serviceman shall be subject  
8 to tax under the Retailers' Occupation Tax Act and the Use Tax  
9 Act. However, if a primary serviceman who has made the election  
10 described in this paragraph subcontracts service work to a  
11 secondary serviceman who has also made the election described  
12 in this paragraph, the primary serviceman does not incur a Use  
13 Tax liability if the secondary serviceman (i) has paid or will  
14 pay Use Tax on his or her cost price of any tangible personal  
15 property transferred to the primary serviceman and (ii)  
16 certifies that fact in writing to the primary serviceman.

17 Tangible personal property transferred incident to the  
18 completion of a maintenance agreement is exempt from the tax  
19 imposed pursuant to this Act.

20 Exemption (e) also includes machinery and equipment used in  
21 the general maintenance or repair of such exempt machinery and  
22 equipment or for in-house manufacture of exempt machinery and  
23 equipment. On and after July 1, 2017, exemption (e) also  
24 includes graphic arts machinery and equipment, as defined in  
25 paragraph (5) of Section 3-5. On and after August 31, 2014,  
26 exemption(e) also includes production related tangible

1 personal property, as defined in this Section. The machinery  
2 and equipment exemption does not include machinery and  
3 equipment used in (i) the generation of electricity for  
4 wholesale or retail sale; (ii) the generation or treatment of  
5 natural or artificial gas for wholesale or retail sale that is  
6 delivered to customers through pipes, pipelines, or mains; or  
7 (iii) the treatment of water for wholesale or retail sale that  
8 is delivered to customers through pipes, pipelines, or mains.  
9 The provisions of Public Act 98-583 ~~this amendatory Act of the~~  
10 ~~98th General Assembly~~ are declaratory of existing law as to the  
11 meaning and scope of this exemption. For the purposes of  
12 exemption (e), each of these terms shall have the following  
13 meanings: (1) "manufacturing process" shall mean the  
14 production of any article of tangible personal property,  
15 whether such article is a finished product or an article for  
16 use in the process of manufacturing or assembling a different  
17 article of tangible personal property, by procedures commonly  
18 regarded as manufacturing, processing, fabricating, or  
19 refining which changes some existing material or materials into  
20 a material with a different form, use or name. In relation to a  
21 recognized integrated business composed of a series of  
22 operations which collectively constitute manufacturing, or  
23 individually constitute manufacturing operations, the  
24 manufacturing process shall be deemed to commence with the  
25 first operation or stage of production in the series, and shall  
26 not be deemed to end until the completion of the final product

1 in the last operation or stage of production in the series; and  
2 further for purposes of exemption (e), photoprocessing is  
3 deemed to be a manufacturing process of tangible personal  
4 property for wholesale or retail sale; (2) "assembling process"  
5 shall mean the production of any article of tangible personal  
6 property, whether such article is a finished product or an  
7 article for use in the process of manufacturing or assembling a  
8 different article of tangible personal property, by the  
9 combination of existing materials in a manner commonly regarded  
10 as assembling which results in a material of a different form,  
11 use or name; (3) "machinery" shall mean major mechanical  
12 machines or major components of such machines contributing to a  
13 manufacturing or assembling process; ~~and~~ (4) "equipment" shall  
14 include any independent device or tool separate from any  
15 machinery but essential to an integrated manufacturing or  
16 assembly process; including computers used primarily in a  
17 manufacturer's computer assisted design, computer assisted  
18 manufacturing (CAD/CAM) system; or any subunit or assembly  
19 comprising a component of any machinery or auxiliary, adjunct  
20 or attachment parts of machinery, such as tools, dies, jigs,  
21 fixtures, patterns and molds; or any parts which require  
22 periodic replacement in the course of normal operation; but  
23 shall not include hand tools; "equipment" ~~Equipment~~ includes  
24 chemicals or chemicals acting as catalysts but only if the  
25 chemicals or chemicals acting as catalysts effect a direct and  
26 immediate change upon a product being manufactured or assembled

1 for wholesale or retail sale or lease; and (5) "production  
2 related tangible personal property" means all tangible  
3 personal property that is used or consumed by the purchaser in  
4 a manufacturing facility in which a manufacturing process  
5 described in Section 2-45 of the Retailers' Occupation Tax Act  
6 takes place, including tangible personal property that is  
7 purchased for incorporation into real estate within a  
8 manufacturing facility, and including, but not limited to,  
9 tangible personal property that is used or consumed in  
10 activities such as preproduction material handling, receiving,  
11 quality control, inventory control, storage, staging,  
12 packaging for shipping and transportation purposes, and all  
13 tangible personal property used or consumed by the purchaser  
14 for research and development; "production related tangible  
15 personal property" does not include (i) tangible personal  
16 property that is used, within or without a manufacturing  
17 facility, in sales, purchasing, accounting, fiscal management,  
18 marketing, personnel recruitment or selection, or landscaping,  
19 or (ii) tangible personal property that is required to be  
20 titled or registered with a department, agency, or unit of  
21 federal, State, or local government. The purchaser of such  
22 machinery and equipment who has an active resale registration  
23 number shall furnish such number to the seller at the time of  
24 purchase. The purchaser of such machinery and equipment and  
25 tools without an active resale registration number shall  
26 furnish to the seller a certificate of exemption for each

1 transaction stating facts establishing the exemption for that  
2 transaction, which certificate shall be available to the  
3 Department for inspection or audit.

4 Except as provided in Section 2d of this Act, the rolling  
5 stock exemption applies to rolling stock used by an interstate  
6 carrier for hire, even just between points in Illinois, if such  
7 rolling stock transports, for hire, persons whose journeys or  
8 property whose shipments originate or terminate outside  
9 Illinois.

10 Any informal rulings, opinions or letters issued by the  
11 Department in response to an inquiry or request for any opinion  
12 from any person regarding the coverage and applicability of  
13 exemption (e) to specific devices shall be published,  
14 maintained as a public record, and made available for public  
15 inspection and copying. If the informal ruling, opinion or  
16 letter contains trade secrets or other confidential  
17 information, where possible the Department shall delete such  
18 information prior to publication. Whenever such informal  
19 rulings, opinions, or letters contain any policy of general  
20 applicability, the Department shall formulate and adopt such  
21 policy as a rule in accordance with the provisions of the  
22 Illinois Administrative Procedure Act.

23 On and after July 1, 1987, no entity otherwise eligible  
24 under exemption (c) of this Section shall make tax-free ~~tax~~  
25 ~~free~~ purchases unless it has an active exemption identification  
26 number issued by the Department.



1 "Serviceman" means any person who is engaged in the  
2 occupation of making sales of service.

3 "Sale at Retail" means "sale at retail" as defined in the  
4 Retailers' Occupation Tax Act.

5 "Supplier" means any person who makes sales of tangible  
6 personal property to servicemen for the purpose of resale as an  
7 incident to a sale of service.

8 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;  
9 revised 9-27-17.)

10 (35 ILCS 115/3-5)

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

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

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

23 (3) Personal property purchased by any not-for-profit arts  
24 or cultural organization that establishes, by proof required by  
25 the Department by rule, that it has received an exemption under

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

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

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

1 the manufacturing and assembling machinery and equipment  
2 exemption under Section 2 of this Act.

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

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

25 Farm machinery and equipment shall include precision  
26 farming equipment that is installed or purchased to be

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

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 (7) is exempt from the  
14 provisions of Section 3-55.

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

14 (10) 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 (11) 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 (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). This item (12) is exempt  
13 from the provisions of Section 3-55.

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

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

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

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

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

1 by the Department under Section 1g of the Retailers' Occupation  
2 Tax Act.

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

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

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



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

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

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

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

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

19 (24) Beginning on the effective date of this amendatory Act  
20 of the 92nd General Assembly, computers and communications  
21 equipment utilized for any hospital purpose and equipment used  
22 in the diagnosis, analysis, or treatment of hospital patients  
23 sold to a lessor who leases the equipment, under a lease of one  
24 year or longer executed or in effect at the time of the  
25 purchase, to a hospital that has been issued an active tax  
26 exemption identification number by the Department under

1 Section 1g of the Retailers' Occupation Tax Act. This paragraph  
2 is exempt from the provisions of Section 3-55.

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

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

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

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

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

1 provided in Section 11-65-25 of the Illinois Municipal Code.

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

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

1 service pursuant to authority issued under Part 121 or Part 129  
2 of the Federal Aviation Regulations. The changes made to this  
3 paragraph (29) by Public Act 98-534 are declarative of existing  
4 law.

5 (30) Beginning January 1, 2017, menstrual pads, tampons,  
6 and menstrual cups.

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

9 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

10 (Text of Section before amendment by P.A. 100-363)

11 Sec. 9. Each serviceman required or authorized to collect  
12 the tax herein imposed shall pay to the Department the amount  
13 of such tax at the time when he is required to file his return  
14 for the period during which such tax was collectible, less a  
15 discount of 2.1% prior to January 1, 1990, and 1.75% on and  
16 after January 1, 1990, or \$5 per calendar year, whichever is  
17 greater, which is allowed to reimburse the serviceman for  
18 expenses incurred in collecting the tax, keeping records,  
19 preparing and filing returns, remitting the tax and supplying  
20 data to the Department on request. The discount allowed under  
21 this Section is allowed only for returns that are filed in the  
22 manner required by this Act. The Department may disallow the  
23 discount for servicemen whose certificate of registration is  
24 revoked at the time the return is filed, but only if the  
25 Department's decision to revoke the certificate of

1 registration has become final.

2 Where such tangible personal property is sold under a  
3 conditional sales contract, or under any other form of sale  
4 wherein the payment of the principal sum, or a part thereof, is  
5 extended beyond the close of the period for which the return is  
6 filed, the serviceman, in collecting the tax may collect, for  
7 each tax return period, only the tax applicable to the part of  
8 the selling price actually received during such tax return  
9 period.

10 Except as provided hereinafter in this Section, on or  
11 before the twentieth day of each calendar month, such  
12 serviceman shall file a return for the preceding calendar month  
13 in accordance with reasonable rules and regulations to be  
14 promulgated by the Department of Revenue. Such return shall be  
15 filed on a form prescribed by the Department and shall contain  
16 such information as the Department may reasonably require. On  
17 and after January 1, 2018, with respect to servicemen whose  
18 annual gross receipts average \$20,000 or more, all returns  
19 required to be filed pursuant to this Act shall be filed  
20 electronically. Servicemen who demonstrate that they do not  
21 have access to the Internet or demonstrate hardship in filing  
22 electronically may petition the Department to waive the  
23 electronic filing requirement.

24 The Department may require returns to be filed on a  
25 quarterly basis. If so required, a return for each calendar  
26 quarter shall be filed on or before the twentieth day of the

1 calendar month following the end of such calendar quarter. The  
2 taxpayer shall also file a return with the Department for each  
3 of the first two months of each calendar quarter, on or before  
4 the twentieth day of the following calendar month, stating:

5 1. The name of the seller;

6 2. The address of the principal place of business from  
7 which he engages in business as a serviceman in this State;

8 3. The total amount of taxable receipts received by him  
9 during the preceding calendar month, including receipts  
10 from charge and time sales, but less all deductions allowed  
11 by law;

12 4. The amount of credit provided in Section 2d of this  
13 Act;

14 5. The amount of tax due;

15 5-5. The signature of the taxpayer; and

16 6. Such other reasonable information as the Department  
17 may require.

18 If a taxpayer fails to sign a return within 30 days after  
19 the proper notice and demand for signature by the Department,  
20 the return shall be considered valid and any amount shown to be  
21 due on the return shall be deemed assessed.

22 Prior to October 1, 2003, and on and after September 1,  
23 2004 and through August 30, 2014, a serviceman may accept a  
24 Manufacturer's Purchase Credit certification from a purchaser  
25 in satisfaction of Service Use Tax as provided in Section 3-70  
26 of the Service Use Tax Act if the purchaser provides the



1 appropriate documentation as required by Section 3-70 of the  
2 Service Use Tax Act. A Manufacturer's Purchase Credit  
3 certification, accepted prior to October 1, 2003 or on or after  
4 September 1, 2004 or through August 30, 2014 by a serviceman as  
5 provided in Section 3-70 of the Service Use Tax Act, may be  
6 used by that serviceman through September 30, 2014 to satisfy  
7 Service Occupation Tax liability in the amount claimed in the  
8 certification, not to exceed 6.25% of the receipts subject to  
9 tax from a qualifying purchase. A Manufacturer's Purchase  
10 Credit reported on any original or amended return filed under  
11 this Act after October 20, 2003 for reporting periods prior to  
12 September 1, 2004 shall be disallowed. A Manufacturer's  
13 Purchase Credit reported on any original or amended return  
14 filed under this Act after September 30, 2014 shall be  
15 disallowed. Manufacturer's Purchase Credit reported on annual  
16 returns due on or after January 1, 2005 will be disallowed for  
17 periods prior to September 1, 2004. A Manufacturer's Purchase  
18 Credit reported on an annual return due on or after January 1,  
19 2015 shall be disallowed for periods on and after August 31,  
20 2014. No Manufacturer's Purchase Credit may be used after  
21 September 30, 2003 through August 31, 2004 or after September  
22 30, 2014 to satisfy any tax liability imposed under this Act,  
23 including any audit liability.

24 If the serviceman's average monthly tax liability to the  
25 Department does not exceed \$200, the Department may authorize  
26 his returns to be filed on a quarter annual basis, with the

1 return for January, February and March of a given year being  
2 due by April 20 of such year; with the return for April, May  
3 and June of a given year being due by July 20 of such year; with  
4 the return for July, August and September of a given year being  
5 due by October 20 of such year, and with the return for  
6 October, November and December of a given year being due by  
7 January 20 of the following year.

8 If the serviceman's average monthly tax liability to the  
9 Department does not exceed \$50, the Department may authorize  
10 his returns to be filed on an annual basis, with the return for  
11 a given year being due by January 20 of the following year.

12 Such quarter annual and annual returns, as to form and  
13 substance, shall be subject to the same requirements as monthly  
14 returns.

15 Notwithstanding any other provision in this Act concerning  
16 the time within which a serviceman may file his return, in the  
17 case of any serviceman who ceases to engage in a kind of  
18 business which makes him responsible for filing returns under  
19 this Act, such serviceman shall file a final return under this  
20 Act with the Department not more than 1 month after  
21 discontinuing such business.

22 Beginning October 1, 1993, a taxpayer who has an average  
23 monthly tax liability of \$150,000 or more shall make all  
24 payments required by rules of the Department by electronic  
25 funds transfer. Beginning October 1, 1994, a taxpayer who has  
26 an average monthly tax liability of \$100,000 or more shall make

1 all payments required by rules of the Department by electronic  
2 funds transfer. Beginning October 1, 1995, a taxpayer who has  
3 an average monthly tax liability of \$50,000 or more shall make  
4 all payments required by rules of the Department by electronic  
5 funds transfer. Beginning October 1, 2000, a taxpayer who has  
6 an annual tax liability of \$200,000 or more shall make all  
7 payments required by rules of the Department by electronic  
8 funds transfer. The term "annual tax liability" shall be the  
9 sum of the taxpayer's liabilities under this Act, and under all  
10 other State and local occupation and use tax laws administered  
11 by the Department, for the immediately preceding calendar year.  
12 The term "average monthly tax liability" means the sum of the  
13 taxpayer's liabilities under this Act, and under all other  
14 State and local occupation and use tax laws administered by the  
15 Department, for the immediately preceding calendar year  
16 divided by 12. Beginning on October 1, 2002, a taxpayer who has  
17 a tax liability in the amount set forth in subsection (b) of  
18 Section 2505-210 of the Department of Revenue Law shall make  
19 all payments required by rules of the Department by electronic  
20 funds transfer.

21 Before August 1 of each year beginning in 1993, the  
22 Department shall notify all taxpayers required to make payments  
23 by electronic funds transfer. All taxpayers required to make  
24 payments by electronic funds transfer shall make those payments  
25 for a minimum of one year beginning on October 1.

26 Any taxpayer not required to make payments by electronic

1 funds transfer may make payments by electronic funds transfer  
2 with the permission of the Department.

3 All taxpayers required to make payment by electronic funds  
4 transfer and any taxpayers authorized to voluntarily make  
5 payments by electronic funds transfer shall make those payments  
6 in the manner authorized by the Department.

7 The Department shall adopt such rules as are necessary to  
8 effectuate a program of electronic funds transfer and the  
9 requirements of this Section.

10 Where a serviceman collects the tax with respect to the  
11 selling price of tangible personal property which he sells and  
12 the purchaser thereafter returns such tangible personal  
13 property and the serviceman refunds the selling price thereof  
14 to the purchaser, such serviceman shall also refund, to the  
15 purchaser, the tax so collected from the purchaser. When filing  
16 his return for the period in which he refunds such tax to the  
17 purchaser, the serviceman may deduct the amount of the tax so  
18 refunded by him to the purchaser from any other Service  
19 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or  
20 Use Tax which such serviceman may be required to pay or remit  
21 to the Department, as shown by such return, provided that the  
22 amount of the tax to be deducted shall previously have been  
23 remitted to the Department by such serviceman. If the  
24 serviceman shall not previously have remitted the amount of  
25 such tax to the Department, he shall be entitled to no  
26 deduction hereunder upon refunding such tax to the purchaser.

1           If experience indicates such action to be practicable, the  
2 Department may prescribe and furnish a combination or joint  
3 return which will enable servicemen, who are required to file  
4 returns hereunder and also under the Retailers' Occupation Tax  
5 Act, the Use Tax Act or the Service Use Tax Act, to furnish all  
6 the return information required by all said Acts on the one  
7 form.

8           Where the serviceman has more than one business registered  
9 with the Department under separate registrations hereunder,  
10 such serviceman shall file separate returns for each registered  
11 business.

12           Beginning January 1, 1990, each month the Department shall  
13 pay into the Local Government Tax Fund the revenue realized for  
14 the preceding month from the 1% tax on sales of food for human  
15 consumption which is to be consumed off the premises where it  
16 is sold (other than alcoholic beverages, soft drinks and food  
17 which has been prepared for immediate consumption) and  
18 prescription and nonprescription medicines, drugs, medical  
19 appliances, products classified as Class III medical devices by  
20 the United States Food and Drug Administration that are used  
21 for cancer treatment pursuant to a prescription, as well as any  
22 accessories and components related to those devices, and  
23 insulin, urine testing materials, syringes and needles used by  
24 diabetics.

25           Beginning January 1, 1990, each month the Department shall  
26 pay into the County and Mass Transit District Fund 4% of the

1 revenue realized for the preceding month from the 6.25% general  
2 rate.

3 Beginning August 1, 2000, each month the Department shall  
4 pay into the County and Mass Transit District Fund 20% of the  
5 net revenue realized for the preceding month from the 1.25%  
6 rate on the selling price of motor fuel and gasohol.

7 Beginning January 1, 1990, each month the Department shall  
8 pay into the Local Government Tax Fund 16% of the revenue  
9 realized for the preceding month from the 6.25% general rate on  
10 transfers of tangible personal property.

11 Beginning August 1, 2000, each month the Department shall  
12 pay into the Local Government Tax Fund 80% of the net revenue  
13 realized for the preceding month from the 1.25% rate on the  
14 selling price of motor fuel and gasohol.

15 Beginning October 1, 2009, each month the Department shall  
16 pay into the Capital Projects Fund an amount that is equal to  
17 an amount estimated by the Department to represent 80% of the  
18 net revenue realized for the preceding month from the sale of  
19 candy, grooming and hygiene products, and soft drinks that had  
20 been taxed at a rate of 1% prior to September 1, 2009 but that  
21 are now taxed at 6.25%.

22 Beginning July 1, 2013, each month the Department shall pay  
23 into the Underground Storage Tank Fund from the proceeds  
24 collected under this Act, the Use Tax Act, the Service Use Tax  
25 Act, and the Retailers' Occupation Tax Act an amount equal to  
26 the average monthly deficit in the Underground Storage Tank

1 Fund during the prior year, as certified annually by the  
2 Illinois Environmental Protection Agency, but the total  
3 payment into the Underground Storage Tank Fund under this Act,  
4 the Use Tax Act, the Service Use Tax Act, and the Retailers'  
5 Occupation Tax Act shall not exceed \$18,000,000 in any State  
6 fiscal year. As used in this paragraph, the "average monthly  
7 deficit" shall be equal to the difference between the average  
8 monthly claims for payment by the fund and the average monthly  
9 revenues deposited into the fund, excluding payments made  
10 pursuant to this paragraph.

11 Beginning July 1, 2015, of the remainder of the moneys  
12 received by the Department under the Use Tax Act, the Service  
13 Use Tax Act, this Act, and the Retailers' Occupation Tax Act,  
14 each month the Department shall deposit \$500,000 into the State  
15 Crime Laboratory Fund.

16 Of the remainder of the moneys received by the Department  
17 pursuant to this Act, (a) 1.75% thereof shall be paid into the  
18 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on  
19 and after July 1, 1989, 3.8% thereof shall be paid into the  
20 Build Illinois Fund; provided, however, that if in any fiscal  
21 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case  
22 may be, of the moneys received by the Department and required  
23 to be paid into the Build Illinois Fund pursuant to Section 3  
24 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax  
25 Act, Section 9 of the Service Use Tax Act, and Section 9 of the  
26 Service Occupation Tax Act, such Acts being hereinafter called

1 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case  
2 may be, of moneys being hereinafter called the "Tax Act  
3 Amount", and (2) the amount transferred to the Build Illinois  
4 Fund from the State and Local Sales Tax Reform Fund shall be  
5 less than the Annual Specified Amount (as defined in Section 3  
6 of the Retailers' Occupation Tax Act), an amount equal to the  
7 difference shall be immediately paid into the Build Illinois  
8 Fund from other moneys received by the Department pursuant to  
9 the Tax Acts; and further provided, that if on the last  
10 business day of any month the sum of (1) the Tax Act Amount  
11 required to be deposited into the Build Illinois Account in the  
12 Build Illinois Fund during such month and (2) the amount  
13 transferred during such month to the Build Illinois Fund from  
14 the State and Local Sales Tax Reform Fund shall have been less  
15 than 1/12 of the Annual Specified Amount, an amount equal to  
16 the difference shall be immediately paid into the Build  
17 Illinois Fund from other moneys received by the Department  
18 pursuant to the Tax Acts; and, further provided, that in no  
19 event shall the payments required under the preceding proviso  
20 result in aggregate payments into the Build Illinois Fund  
21 pursuant to this clause (b) for any fiscal year in excess of  
22 the greater of (i) the Tax Act Amount or (ii) the Annual  
23 Specified Amount for such fiscal year; and, further provided,  
24 that the amounts payable into the Build Illinois Fund under  
25 this clause (b) shall be payable only until such time as the  
26 aggregate amount on deposit under each trust indenture securing



1 Bonds issued and outstanding pursuant to the Build Illinois  
2 Bond Act is sufficient, taking into account any future  
3 investment income, to fully provide, in accordance with such  
4 indenture, for the defeasance of or the payment of the  
5 principal of, premium, if any, and interest on the Bonds  
6 secured by such indenture and on any Bonds expected to be  
7 issued thereafter and all fees and costs payable with respect  
8 thereto, all as certified by the Director of the Bureau of the  
9 Budget (now Governor's Office of Management and Budget). If on  
10 the last business day of any month in which Bonds are  
11 outstanding pursuant to the Build Illinois Bond Act, the  
12 aggregate of the moneys deposited in the Build Illinois Bond  
13 Account in the Build Illinois Fund in such month shall be less  
14 than the amount required to be transferred in such month from  
15 the Build Illinois Bond Account to the Build Illinois Bond  
16 Retirement and Interest Fund pursuant to Section 13 of the  
17 Build Illinois Bond Act, an amount equal to such deficiency  
18 shall be immediately paid from other moneys received by the  
19 Department pursuant to the Tax Acts to the Build Illinois Fund;  
20 provided, however, that any amounts paid to the Build Illinois  
21 Fund in any fiscal year pursuant to this sentence shall be  
22 deemed to constitute payments pursuant to clause (b) of the  
23 preceding sentence and shall reduce the amount otherwise  
24 payable for such fiscal year pursuant to clause (b) of the  
25 preceding sentence. The moneys received by the Department  
26 pursuant to this Act and required to be deposited into the

1 Build Illinois Fund are subject to the pledge, claim and charge  
2 set forth in Section 12 of the Build Illinois Bond Act.

3 Subject to payment of amounts into the Build Illinois Fund  
4 as provided in the preceding paragraph or in any amendment  
5 thereto hereafter enacted, the following specified monthly  
6 installment of the amount requested in the certificate of the  
7 Chairman of the Metropolitan Pier and Exposition Authority  
8 provided under Section 8.25f of the State Finance Act, but not  
9 in excess of the sums designated as "Total Deposit", shall be  
10 deposited in the aggregate from collections under Section 9 of  
11 the Use Tax Act, Section 9 of the Service Use Tax Act, Section  
12 9 of the Service Occupation Tax Act, and Section 3 of the  
13 Retailers' Occupation Tax Act into the McCormick Place  
14 Expansion Project Fund in the specified fiscal years.

15		Total
	Fiscal Year	Deposit
16	1993	\$0
17	1994	53,000,000
18	1995	58,000,000
19	1996	61,000,000
20	1997	64,000,000
21	1998	68,000,000
22	1999	71,000,000
23	2000	75,000,000
24	2001	80,000,000
25	2002	93,000,000

1	2003	99,000,000
2	2004	103,000,000
3	2005	108,000,000
4	2006	113,000,000
5	2007	119,000,000
6	2008	126,000,000
7	2009	132,000,000
8	2010	139,000,000
9	2011	146,000,000
10	2012	153,000,000
11	2013	161,000,000
12	2014	170,000,000
13	2015	179,000,000
14	2016	189,000,000
15	2017	199,000,000
16	2018	210,000,000
17	2019	221,000,000
18	2020	233,000,000
19	2021	246,000,000
20	2022	260,000,000
21	2023	275,000,000
22	2024	275,000,000
23	2025	275,000,000
24	2026	279,000,000
25	2027	292,000,000
26	2028	307,000,000

1	2029	322,000,000
2	2030	338,000,000
3	2031	350,000,000
4	2032	350,000,000

5 and

6 each fiscal year

7 thereafter that bonds

8 are outstanding under

9 Section 13.2 of the

10 Metropolitan Pier and

11 Exposition Authority Act,

12 but not after fiscal year 2060.

13 Beginning July 20, 1993 and in each month of each fiscal  
14 year thereafter, one-eighth of the amount requested in the  
15 certificate of the Chairman of the Metropolitan Pier and  
16 Exposition Authority for that fiscal year, less the amount  
17 deposited into the McCormick Place Expansion Project Fund by  
18 the State Treasurer in the respective month under subsection  
19 (g) of Section 13 of the Metropolitan Pier and Exposition  
20 Authority Act, plus cumulative deficiencies in the deposits  
21 required under this Section for previous months and years,  
22 shall be deposited into the McCormick Place Expansion Project  
23 Fund, until the full amount requested for the fiscal year, but  
24 not in excess of the amount specified above as "Total Deposit",  
25 has been deposited.

26 Subject to payment of amounts into the Build Illinois Fund

1 and the McCormick Place Expansion Project Fund pursuant to the  
2 preceding paragraphs or in any amendments thereto hereafter  
3 enacted, beginning July 1, 1993 and ending on September 30,  
4 2013, the Department shall each month pay into the Illinois Tax  
5 Increment Fund 0.27% of 80% of the net revenue realized for the  
6 preceding month from the 6.25% general rate on the selling  
7 price of tangible personal property.

8 Subject to payment of amounts into the Build Illinois Fund  
9 and the McCormick Place Expansion Project Fund pursuant to the  
10 preceding paragraphs or in any amendments thereto hereafter  
11 enacted, beginning with the receipt of the first report of  
12 taxes paid by an eligible business and continuing for a 25-year  
13 period, the Department shall each month pay into the Energy  
14 Infrastructure Fund 80% of the net revenue realized from the  
15 6.25% general rate on the selling price of Illinois-mined coal  
16 that was sold to an eligible business. For purposes of this  
17 paragraph, the term "eligible business" means a new electric  
18 generating facility certified pursuant to Section 605-332 of  
19 the Department of Commerce and Economic Opportunity Law of the  
20 Civil Administrative Code of Illinois.

21 Subject to payment of amounts into the Build Illinois Fund,  
22 the McCormick Place Expansion Project Fund, the Illinois Tax  
23 Increment Fund, and the Energy Infrastructure Fund pursuant to  
24 the preceding paragraphs or in any amendments to this Section  
25 hereafter enacted, beginning on the first day of the first  
26 calendar month to occur on or after August 26, 2014 (the

1 effective date of Public Act 98-1098) ~~this amendatory Act of~~  
2 ~~the 98th General Assembly~~, each month, from the collections  
3 made under Section 9 of the Use Tax Act, Section 9 of the  
4 Service Use Tax Act, Section 9 of the Service Occupation Tax  
5 Act, and Section 3 of the Retailers' Occupation Tax Act, the  
6 Department shall pay into the Tax Compliance and Administration  
7 Fund, to be used, subject to appropriation, to fund additional  
8 auditors and compliance personnel at the Department of Revenue,  
9 an amount equal to 1/12 of 5% of 80% of the cash receipts  
10 collected during the preceding fiscal year by the Audit Bureau  
11 of the Department under the Use Tax Act, the Service Use Tax  
12 Act, the Service Occupation Tax Act, the Retailers' Occupation  
13 Tax Act, and associated local occupation and use taxes  
14 administered by the Department.

15 Of the remainder of the moneys received by the Department  
16 pursuant to this Act, 75% shall be paid into the General  
17 Revenue Fund of the State Treasury and 25% shall be reserved in  
18 a special account and used only for the transfer to the Common  
19 School Fund as part of the monthly transfer from the General  
20 Revenue Fund in accordance with Section 8a of the State Finance  
21 Act.

22 The Department may, upon separate written notice to a  
23 taxpayer, require the taxpayer to prepare and file with the  
24 Department on a form prescribed by the Department within not  
25 less than 60 days after receipt of the notice an annual  
26 information return for the tax year specified in the notice.

1 Such annual return to the Department shall include a statement  
2 of gross receipts as shown by the taxpayer's last Federal  
3 income tax return. If the total receipts of the business as  
4 reported in the Federal income tax return do not agree with the  
5 gross receipts reported to the Department of Revenue for the  
6 same period, the taxpayer shall attach to his annual return a  
7 schedule showing a reconciliation of the 2 amounts and the  
8 reasons for the difference. The taxpayer's annual return to the  
9 Department shall also disclose the cost of goods sold by the  
10 taxpayer during the year covered by such return, opening and  
11 closing inventories of such goods for such year, cost of goods  
12 used from stock or taken from stock and given away by the  
13 taxpayer during such year, pay roll information of the  
14 taxpayer's business during such year and any additional  
15 reasonable information which the Department deems would be  
16 helpful in determining the accuracy of the monthly, quarterly  
17 or annual returns filed by such taxpayer as hereinbefore  
18 provided for in this Section.

19 If the annual information return required by this Section  
20 is not filed when and as required, the taxpayer shall be liable  
21 as follows:

22 (i) Until January 1, 1994, the taxpayer shall be liable  
23 for a penalty equal to 1/6 of 1% of the tax due from such  
24 taxpayer under this Act during the period to be covered by  
25 the annual return for each month or fraction of a month  
26 until such return is filed as required, the penalty to be

1           assessed and collected in the same manner as any other  
2           penalty provided for in this Act.

3           (ii) On and after January 1, 1994, the taxpayer shall  
4           be liable for a penalty as described in Section 3-4 of the  
5           Uniform Penalty and Interest Act.

6           The chief executive officer, proprietor, owner or highest  
7           ranking manager shall sign the annual return to certify the  
8           accuracy of the information contained therein. Any person who  
9           willfully signs the annual return containing false or  
10          inaccurate information shall be guilty of perjury and punished  
11          accordingly. The annual return form prescribed by the  
12          Department shall include a warning that the person signing the  
13          return may be liable for perjury.

14          The foregoing portion of this Section concerning the filing  
15          of an annual information return shall not apply to a serviceman  
16          who is not required to file an income tax return with the  
17          United States Government.

18          As soon as possible after the first day of each month, upon  
19          certification of the Department of Revenue, the Comptroller  
20          shall order transferred and the Treasurer shall transfer from  
21          the General Revenue Fund to the Motor Fuel Tax Fund an amount  
22          equal to 1.7% of 80% of the net revenue realized under this Act  
23          for the second preceding month. Beginning April 1, 2000, this  
24          transfer is no longer required and shall not be made.

25          Net revenue realized for a month shall be the revenue  
26          collected by the State pursuant to this Act, less the amount



1 paid out during that month as refunds to taxpayers for  
2 overpayment of liability.

3 For greater simplicity of administration, it shall be  
4 permissible for manufacturers, importers and wholesalers whose  
5 products are sold by numerous servicemen in Illinois, and who  
6 wish to do so, to assume the responsibility for accounting and  
7 paying to the Department all tax accruing under this Act with  
8 respect to such sales, if the servicemen who are affected do  
9 not make written objection to the Department to this  
10 arrangement.

11 (Source: P.A. 99-352, eff. 8-12-15; 99-858, eff. 8-19-16;  
12 100-303, eff. 8-24-17; revised 10-31-17)

13 (Text of Section after amendment by P.A. 100-363)

14 Sec. 9. Each serviceman required or authorized to collect  
15 the tax herein imposed shall pay to the Department the amount  
16 of such tax at the time when he is required to file his return  
17 for the period during which such tax was collectible, less a  
18 discount of 2.1% prior to January 1, 1990, and 1.75% on and  
19 after January 1, 1990, or \$5 per calendar year, whichever is  
20 greater, which is allowed to reimburse the serviceman for  
21 expenses incurred in collecting the tax, keeping records,  
22 preparing and filing returns, remitting the tax and supplying  
23 data to the Department on request. The discount allowed under  
24 this Section is allowed only for returns that are filed in the  
25 manner required by this Act. The Department may disallow the

1 discount for servicemen whose certificate of registration is  
2 revoked at the time the return is filed, but only if the  
3 Department's decision to revoke the certificate of  
4 registration has become final.

5 Where such tangible personal property is sold under a  
6 conditional sales contract, or under any other form of sale  
7 wherein the payment of the principal sum, or a part thereof, is  
8 extended beyond the close of the period for which the return is  
9 filed, the serviceman, in collecting the tax may collect, for  
10 each tax return period, only the tax applicable to the part of  
11 the selling price actually received during such tax return  
12 period.

13 Except as provided hereinafter in this Section, on or  
14 before the twentieth day of each calendar month, such  
15 serviceman shall file a return for the preceding calendar month  
16 in accordance with reasonable rules and regulations to be  
17 promulgated by the Department of Revenue. Such return shall be  
18 filed on a form prescribed by the Department and shall contain  
19 such information as the Department may reasonably require. On  
20 and after January 1, 2018, with respect to servicemen whose  
21 annual gross receipts average \$20,000 or more, all returns  
22 required to be filed pursuant to this Act shall be filed  
23 electronically. Servicemen who demonstrate that they do not  
24 have access to the Internet or demonstrate hardship in filing  
25 electronically may petition the Department to waive the  
26 electronic filing requirement.

1           The Department may require returns to be filed on a  
2 quarterly basis. If so required, a return for each calendar  
3 quarter shall be filed on or before the twentieth day of the  
4 calendar month following the end of such calendar quarter. The  
5 taxpayer shall also file a return with the Department for each  
6 of the first two months of each calendar quarter, on or before  
7 the twentieth day of the following calendar month, stating:

8           1. The name of the seller;

9           2. The address of the principal place of business from  
10 which he engages in business as a serviceman in this State;

11           3. The total amount of taxable receipts received by him  
12 during the preceding calendar month, including receipts  
13 from charge and time sales, but less all deductions allowed  
14 by law;

15           4. The amount of credit provided in Section 2d of this  
16 Act;

17           5. The amount of tax due;

18           5-5. The signature of the taxpayer; and

19           6. Such other reasonable information as the Department  
20 may require.

21           If a taxpayer fails to sign a return within 30 days after  
22 the proper notice and demand for signature by the Department,  
23 the return shall be considered valid and any amount shown to be  
24 due on the return shall be deemed assessed.

25           Prior to October 1, 2003, and on and after September 1,  
26 2004 and through August 30, 2014, a serviceman may accept a

1 Manufacturer's Purchase Credit certification from a purchaser  
2 in satisfaction of Service Use Tax as provided in Section 3-70  
3 of the Service Use Tax Act if the purchaser provides the  
4 appropriate documentation as required by Section 3-70 of the  
5 Service Use Tax Act. A Manufacturer's Purchase Credit  
6 certification, accepted prior to October 1, 2003 or on or after  
7 September 1, 2004 and through August 30, 2014 by a serviceman  
8 as provided in Section 3-70 of the Service Use Tax Act, may be  
9 used by that serviceman through September 30, 2014 to satisfy  
10 Service Occupation Tax liability in the amount claimed in the  
11 certification, not to exceed 6.25% of the receipts subject to  
12 tax from a qualifying purchase. A Manufacturer's Purchase  
13 Credit reported on any original or amended return filed under  
14 this Act after October 20, 2003 for reporting periods prior to  
15 September 1, 2004 shall be disallowed. A Manufacturer's  
16 Purchase Credit reported on any original or amended return  
17 filed under this Act after September 30, 2014 shall be  
18 disallowed. Manufacturer's Purchase Credit reported on annual  
19 returns due on or after January 1, 2005 will be disallowed for  
20 periods prior to September 1, 2004. A Manufacturer's Purchase  
21 Credit reported on any annual return due on or after January 1,  
22 2015 shall be disallowed for periods on and after August 31,  
23 2014. No Manufacturer's Purchase Credit may be used after  
24 September 30, 2003 through August 31, 2004 or after September  
25 30, 2014 to satisfy any tax liability imposed under this Act,  
26 including any audit liability.

1           If the serviceman's average monthly tax liability to the  
2 Department does not exceed \$200, the Department may authorize  
3 his returns to be filed on a quarter annual basis, with the  
4 return for January, February and March of a given year being  
5 due by April 20 of such year; with the return for April, May  
6 and June of a given year being due by July 20 of such year; with  
7 the return for July, August and September of a given year being  
8 due by October 20 of such year, and with the return for  
9 October, November and December of a given year being due by  
10 January 20 of the following year.

11           If the serviceman's average monthly tax liability to the  
12 Department does not exceed \$50, the Department may authorize  
13 his returns to be filed on an annual basis, with the return for  
14 a given year being due by January 20 of the following year.

15           Such quarter annual and annual returns, as to form and  
16 substance, shall be subject to the same requirements as monthly  
17 returns.

18           Notwithstanding any other provision in this Act concerning  
19 the time within which a serviceman may file his return, in the  
20 case of any serviceman who ceases to engage in a kind of  
21 business which makes him responsible for filing returns under  
22 this Act, such serviceman shall file a final return under this  
23 Act with the Department not more than 1 month after  
24 discontinuing such business.

25           Beginning October 1, 1993, a taxpayer who has an average  
26 monthly tax liability of \$150,000 or more shall make all

1 payments required by rules of the Department by electronic  
2 funds transfer. Beginning October 1, 1994, a taxpayer who has  
3 an average monthly tax liability of \$100,000 or more shall make  
4 all payments required by rules of the Department by electronic  
5 funds transfer. Beginning October 1, 1995, a taxpayer who has  
6 an average monthly tax liability of \$50,000 or more shall make  
7 all payments required by rules of the Department by electronic  
8 funds transfer. Beginning October 1, 2000, a taxpayer who has  
9 an annual tax liability of \$200,000 or more shall make all  
10 payments required by rules of the Department by electronic  
11 funds transfer. The term "annual tax liability" shall be the  
12 sum of the taxpayer's liabilities under this Act, and under all  
13 other State and local occupation and use tax laws administered  
14 by the Department, for the immediately preceding calendar year.  
15 The term "average monthly tax liability" means the sum of the  
16 taxpayer's liabilities under this Act, and under all other  
17 State and local occupation and use tax laws administered by the  
18 Department, for the immediately preceding calendar year  
19 divided by 12. Beginning on October 1, 2002, a taxpayer who has  
20 a tax liability in the amount set forth in subsection (b) of  
21 Section 2505-210 of the Department of Revenue Law shall make  
22 all payments required by rules of the Department by electronic  
23 funds transfer.

24 Before August 1 of each year beginning in 1993, the  
25 Department shall notify all taxpayers required to make payments  
26 by electronic funds transfer. All taxpayers required to make

1 payments by electronic funds transfer shall make those payments  
2 for a minimum of one year beginning on October 1.

3 Any taxpayer not required to make payments by electronic  
4 funds transfer may make payments by electronic funds transfer  
5 with the permission of the Department.

6 All taxpayers required to make payment by electronic funds  
7 transfer and any taxpayers authorized to voluntarily make  
8 payments by electronic funds transfer shall make those payments  
9 in the manner authorized by the Department.

10 The Department shall adopt such rules as are necessary to  
11 effectuate a program of electronic funds transfer and the  
12 requirements of this Section.

13 Where a serviceman collects the tax with respect to the  
14 selling price of tangible personal property which he sells and  
15 the purchaser thereafter returns such tangible personal  
16 property and the serviceman refunds the selling price thereof  
17 to the purchaser, such serviceman shall also refund, to the  
18 purchaser, the tax so collected from the purchaser. When filing  
19 his return for the period in which he refunds such tax to the  
20 purchaser, the serviceman may deduct the amount of the tax so  
21 refunded by him to the purchaser from any other Service  
22 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or  
23 Use Tax which such serviceman may be required to pay or remit  
24 to the Department, as shown by such return, provided that the  
25 amount of the tax to be deducted shall previously have been  
26 remitted to the Department by such serviceman. If the

1 serviceman shall not previously have remitted the amount of  
2 such tax to the Department, he shall be entitled to no  
3 deduction hereunder upon refunding such tax to the purchaser.

4 If experience indicates such action to be practicable, the  
5 Department may prescribe and furnish a combination or joint  
6 return which will enable servicemen, who are required to file  
7 returns hereunder and also under the Retailers' Occupation Tax  
8 Act, the Use Tax Act or the Service Use Tax Act, to furnish all  
9 the return information required by all said Acts on the one  
10 form.

11 Where the serviceman has more than one business registered  
12 with the Department under separate registrations hereunder,  
13 such serviceman shall file separate returns for each registered  
14 business.

15 Beginning January 1, 1990, each month the Department shall  
16 pay into the Local Government Tax Fund the revenue realized for  
17 the preceding month from the 1% tax on sales of food for human  
18 consumption which is to be consumed off the premises where it  
19 is sold (other than alcoholic beverages, soft drinks and food  
20 which has been prepared for immediate consumption) and  
21 prescription and nonprescription medicines, drugs, medical  
22 appliances, products classified as Class III medical devices by  
23 the United States Food and Drug Administration that are used  
24 for cancer treatment pursuant to a prescription, as well as any  
25 accessories and components related to those devices, and  
26 insulin, urine testing materials, syringes and needles used by



1     diabetics.

2           Beginning January 1, 1990, each month the Department shall  
3     pay into the County and Mass Transit District Fund 4% of the  
4     revenue realized for the preceding month from the 6.25% general  
5     rate.

6           Beginning August 1, 2000, each month the Department shall  
7     pay into the County and Mass Transit District Fund 20% of the  
8     net revenue realized for the preceding month from the 1.25%  
9     rate on the selling price of motor fuel and gasohol.

10          Beginning January 1, 1990, each month the Department shall  
11     pay into the Local Government Tax Fund 16% of the revenue  
12     realized for the preceding month from the 6.25% general rate on  
13     transfers of tangible personal property.

14          Beginning August 1, 2000, each month the Department shall  
15     pay into the Local Government Tax Fund 80% of the net revenue  
16     realized for the preceding month from the 1.25% rate on the  
17     selling price of motor fuel and gasohol.

18          Beginning October 1, 2009, each month the Department shall  
19     pay into the Capital Projects Fund an amount that is equal to  
20     an amount estimated by the Department to represent 80% of the  
21     net revenue realized for the preceding month from the sale of  
22     candy, grooming and hygiene products, and soft drinks that had  
23     been taxed at a rate of 1% prior to September 1, 2009 but that  
24     are now taxed at 6.25%.

25          Beginning July 1, 2013, each month the Department shall pay  
26     into the Underground Storage Tank Fund from the proceeds

1 collected under this Act, the Use Tax Act, the Service Use Tax  
2 Act, and the Retailers' Occupation Tax Act an amount equal to  
3 the average monthly deficit in the Underground Storage Tank  
4 Fund during the prior year, as certified annually by the  
5 Illinois Environmental Protection Agency, but the total  
6 payment into the Underground Storage Tank Fund under this Act,  
7 the Use Tax Act, the Service Use Tax Act, and the Retailers'  
8 Occupation Tax Act shall not exceed \$18,000,000 in any State  
9 fiscal year. As used in this paragraph, the "average monthly  
10 deficit" shall be equal to the difference between the average  
11 monthly claims for payment by the fund and the average monthly  
12 revenues deposited into the fund, excluding payments made  
13 pursuant to this paragraph.

14 Beginning July 1, 2015, of the remainder of the moneys  
15 received by the Department under the Use Tax Act, the Service  
16 Use Tax Act, this Act, and the Retailers' Occupation Tax Act,  
17 each month the Department shall deposit \$500,000 into the State  
18 Crime Laboratory Fund.

19 Of the remainder of the moneys received by the Department  
20 pursuant to this Act, (a) 1.75% thereof shall be paid into the  
21 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on  
22 and after July 1, 1989, 3.8% thereof shall be paid into the  
23 Build Illinois Fund; provided, however, that if in any fiscal  
24 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case  
25 may be, of the moneys received by the Department and required  
26 to be paid into the Build Illinois Fund pursuant to Section 3

1 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax  
2 Act, Section 9 of the Service Use Tax Act, and Section 9 of the  
3 Service Occupation Tax Act, such Acts being hereinafter called  
4 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case  
5 may be, of moneys being hereinafter called the "Tax Act  
6 Amount", and (2) the amount transferred to the Build Illinois  
7 Fund from the State and Local Sales Tax Reform Fund shall be  
8 less than the Annual Specified Amount (as defined in Section 3  
9 of the Retailers' Occupation Tax Act), an amount equal to the  
10 difference shall be immediately paid into the Build Illinois  
11 Fund from other moneys received by the Department pursuant to  
12 the Tax Acts; and further provided, that if on the last  
13 business day of any month the sum of (1) the Tax Act Amount  
14 required to be deposited into the Build Illinois Account in the  
15 Build Illinois Fund during such month and (2) the amount  
16 transferred during such month to the Build Illinois Fund from  
17 the State and Local Sales Tax Reform Fund shall have been less  
18 than 1/12 of the Annual Specified Amount, an amount equal to  
19 the difference shall be immediately paid into the Build  
20 Illinois Fund from other moneys received by the Department  
21 pursuant to the Tax Acts; and, further provided, that in no  
22 event shall the payments required under the preceding proviso  
23 result in aggregate payments into the Build Illinois Fund  
24 pursuant to this clause (b) for any fiscal year in excess of  
25 the greater of (i) the Tax Act Amount or (ii) the Annual  
26 Specified Amount for such fiscal year; and, further provided,

1 that the amounts payable into the Build Illinois Fund under  
2 this clause (b) shall be payable only until such time as the  
3 aggregate amount on deposit under each trust indenture securing  
4 Bonds issued and outstanding pursuant to the Build Illinois  
5 Bond Act is sufficient, taking into account any future  
6 investment income, to fully provide, in accordance with such  
7 indenture, for the defeasance of or the payment of the  
8 principal of, premium, if any, and interest on the Bonds  
9 secured by such indenture and on any Bonds expected to be  
10 issued thereafter and all fees and costs payable with respect  
11 thereto, all as certified by the Director of the Bureau of the  
12 Budget (now Governor's Office of Management and Budget). If on  
13 the last business day of any month in which Bonds are  
14 outstanding pursuant to the Build Illinois Bond Act, the  
15 aggregate of the moneys deposited in the Build Illinois Bond  
16 Account in the Build Illinois Fund in such month shall be less  
17 than the amount required to be transferred in such month from  
18 the Build Illinois Bond Account to the Build Illinois Bond  
19 Retirement and Interest Fund pursuant to Section 13 of the  
20 Build Illinois Bond Act, an amount equal to such deficiency  
21 shall be immediately paid from other moneys received by the  
22 Department pursuant to the Tax Acts to the Build Illinois Fund;  
23 provided, however, that any amounts paid to the Build Illinois  
24 Fund in any fiscal year pursuant to this sentence shall be  
25 deemed to constitute payments pursuant to clause (b) of the  
26 preceding sentence and shall reduce the amount otherwise

1 payable for such fiscal year pursuant to clause (b) of the  
 2 preceding sentence. The moneys received by the Department  
 3 pursuant to this Act and required to be deposited into the  
 4 Build Illinois Fund are subject to the pledge, claim and charge  
 5 set forth in Section 12 of the Build Illinois Bond Act.

6 Subject to payment of amounts into the Build Illinois Fund  
 7 as provided in the preceding paragraph or in any amendment  
 8 thereto hereafter enacted, the following specified monthly  
 9 installment of the amount requested in the certificate of the  
 10 Chairman of the Metropolitan Pier and Exposition Authority  
 11 provided under Section 8.25f of the State Finance Act, but not  
 12 in excess of the sums designated as "Total Deposit", shall be  
 13 deposited in the aggregate from collections under Section 9 of  
 14 the Use Tax Act, Section 9 of the Service Use Tax Act, Section  
 15 9 of the Service Occupation Tax Act, and Section 3 of the  
 16 Retailers' Occupation Tax Act into the McCormick Place  
 17 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
19	1993	\$0
20	1994	53,000,000
21	1995	58,000,000
22	1996	61,000,000
23	1997	64,000,000
24	1998	68,000,000
25	1999	71,000,000

1	2000	75,000,000
2	2001	80,000,000
3	2002	93,000,000
4	2003	99,000,000
5	2004	103,000,000
6	2005	108,000,000
7	2006	113,000,000
8	2007	119,000,000
9	2008	126,000,000
10	2009	132,000,000
11	2010	139,000,000
12	2011	146,000,000
13	2012	153,000,000
14	2013	161,000,000
15	2014	170,000,000
16	2015	179,000,000
17	2016	189,000,000
18	2017	199,000,000
19	2018	210,000,000
20	2019	221,000,000
21	2020	233,000,000
22	2021	246,000,000
23	2022	260,000,000
24	2023	275,000,000
25	2024	275,000,000
26	2025	275,000,000

1	2026	279,000,000
2	2027	292,000,000
3	2028	307,000,000
4	2029	322,000,000
5	2030	338,000,000
6	2031	350,000,000
7	2032	350,000,000

8 and

9 each fiscal year

10 thereafter that bonds

11 are outstanding under

12 Section 13.2 of the

13 Metropolitan Pier and

14 Exposition Authority Act,

15 but not after fiscal year 2060.

16 Beginning July 20, 1993 and in each month of each fiscal  
17 year thereafter, one-eighth of the amount requested in the  
18 certificate of the Chairman of the Metropolitan Pier and  
19 Exposition Authority for that fiscal year, less the amount  
20 deposited into the McCormick Place Expansion Project Fund by  
21 the State Treasurer in the respective month under subsection  
22 (g) of Section 13 of the Metropolitan Pier and Exposition  
23 Authority Act, plus cumulative deficiencies in the deposits  
24 required under this Section for previous months and years,  
25 shall be deposited into the McCormick Place Expansion Project  
26 Fund, until the full amount requested for the fiscal year, but

1 not in excess of the amount specified above as "Total Deposit",  
2 has been deposited.

3 Subject to payment of amounts into the Build Illinois Fund  
4 and the McCormick Place Expansion Project Fund pursuant to the  
5 preceding paragraphs or in any amendments thereto hereafter  
6 enacted, beginning July 1, 1993 and ending on September 30,  
7 2013, the Department shall each month pay into the Illinois Tax  
8 Increment Fund 0.27% of 80% of the net revenue realized for the  
9 preceding month from the 6.25% general rate on the selling  
10 price of tangible personal property.

11 Subject to payment of amounts into the Build Illinois Fund  
12 and the McCormick Place Expansion Project Fund pursuant to the  
13 preceding paragraphs or in any amendments thereto hereafter  
14 enacted, beginning with the receipt of the first report of  
15 taxes paid by an eligible business and continuing for a 25-year  
16 period, the Department shall each month pay into the Energy  
17 Infrastructure Fund 80% of the net revenue realized from the  
18 6.25% general rate on the selling price of Illinois-mined coal  
19 that was sold to an eligible business. For purposes of this  
20 paragraph, the term "eligible business" means a new electric  
21 generating facility certified pursuant to Section 605-332 of  
22 the Department of Commerce and Economic Opportunity Law of the  
23 Civil Administrative Code of Illinois.

24 Subject to payment of amounts into the Build Illinois Fund,  
25 the McCormick Place Expansion Project Fund, the Illinois Tax  
26 Increment Fund, and the Energy Infrastructure Fund pursuant to



1 the preceding paragraphs or in any amendments to this Section  
2 hereafter enacted, beginning on the first day of the first  
3 calendar month to occur on or after August 26, 2014 (the  
4 effective date of Public Act 98-1098) ~~this amendatory Act of~~  
5 ~~the 98th General Assembly~~, each month, from the collections  
6 made under Section 9 of the Use Tax Act, Section 9 of the  
7 Service Use Tax Act, Section 9 of the Service Occupation Tax  
8 Act, and Section 3 of the Retailers' Occupation Tax Act, the  
9 Department shall pay into the Tax Compliance and Administration  
10 Fund, to be used, subject to appropriation, to fund additional  
11 auditors and compliance personnel at the Department of Revenue,  
12 an amount equal to 1/12 of 5% of 80% of the cash receipts  
13 collected during the preceding fiscal year by the Audit Bureau  
14 of the Department under the Use Tax Act, the Service Use Tax  
15 Act, the Service Occupation Tax Act, the Retailers' Occupation  
16 Tax Act, and associated local occupation and use taxes  
17 administered by the Department.

18 Subject to payments of amounts into the Build Illinois  
19 Fund, the McCormick Place Expansion Project Fund, the Illinois  
20 Tax Increment Fund, the Energy Infrastructure Fund, and the Tax  
21 Compliance and Administration Fund as provided in this Section,  
22 beginning on July 1, 2018 the Department shall pay each month  
23 into the Downstate Public Transportation Fund the moneys  
24 required to be so paid under Section 2-3 of the Downstate  
25 Public Transportation Act.

26 Of the remainder of the moneys received by the Department

1 pursuant to this Act, 75% shall be paid into the General  
2 Revenue Fund of the State Treasury and 25% shall be reserved in  
3 a special account and used only for the transfer to the Common  
4 School Fund as part of the monthly transfer from the General  
5 Revenue Fund in accordance with Section 8a of the State Finance  
6 Act.

7 The Department may, upon separate written notice to a  
8 taxpayer, require the taxpayer to prepare and file with the  
9 Department on a form prescribed by the Department within not  
10 less than 60 days after receipt of the notice an annual  
11 information return for the tax year specified in the notice.  
12 Such annual return to the Department shall include a statement  
13 of gross receipts as shown by the taxpayer's last Federal  
14 income tax return. If the total receipts of the business as  
15 reported in the Federal income tax return do not agree with the  
16 gross receipts reported to the Department of Revenue for the  
17 same period, the taxpayer shall attach to his annual return a  
18 schedule showing a reconciliation of the 2 amounts and the  
19 reasons for the difference. The taxpayer's annual return to the  
20 Department shall also disclose the cost of goods sold by the  
21 taxpayer during the year covered by such return, opening and  
22 closing inventories of such goods for such year, cost of goods  
23 used from stock or taken from stock and given away by the  
24 taxpayer during such year, pay roll information of the  
25 taxpayer's business during such year and any additional  
26 reasonable information which the Department deems would be

1 helpful in determining the accuracy of the monthly, quarterly  
2 or annual returns filed by such taxpayer as hereinbefore  
3 provided for in this Section.

4 If the annual information return required by this Section  
5 is not filed when and as required, the taxpayer shall be liable  
6 as follows:

7 (i) Until January 1, 1994, the taxpayer shall be liable  
8 for a penalty equal to 1/6 of 1% of the tax due from such  
9 taxpayer under this Act during the period to be covered by  
10 the annual return for each month or fraction of a month  
11 until such return is filed as required, the penalty to be  
12 assessed and collected in the same manner as any other  
13 penalty provided for in this Act.

14 (ii) On and after January 1, 1994, the taxpayer shall  
15 be liable for a penalty as described in Section 3-4 of the  
16 Uniform Penalty and Interest Act.

17 The chief executive officer, proprietor, owner or highest  
18 ranking manager shall sign the annual return to certify the  
19 accuracy of the information contained therein. Any person who  
20 willfully signs the annual return containing false or  
21 inaccurate information shall be guilty of perjury and punished  
22 accordingly. The annual return form prescribed by the  
23 Department shall include a warning that the person signing the  
24 return may be liable for perjury.

25 The foregoing portion of this Section concerning the filing  
26 of an annual information return shall not apply to a serviceman

1 who is not required to file an income tax return with the  
2 United States Government.

3 As soon as possible after the first day of each month, upon  
4 certification of the Department of Revenue, the Comptroller  
5 shall order transferred and the Treasurer shall transfer from  
6 the General Revenue Fund to the Motor Fuel Tax Fund an amount  
7 equal to 1.7% of 80% of the net revenue realized under this Act  
8 for the second preceding month. Beginning April 1, 2000, this  
9 transfer is no longer required and shall not be made.

10 Net revenue realized for a month shall be the revenue  
11 collected by the State pursuant to this Act, less the amount  
12 paid out during that month as refunds to taxpayers for  
13 overpayment of liability.

14 For greater simplicity of administration, it shall be  
15 permissible for manufacturers, importers and wholesalers whose  
16 products are sold by numerous servicemen in Illinois, and who  
17 wish to do so, to assume the responsibility for accounting and  
18 paying to the Department all tax accruing under this Act with  
19 respect to such sales, if the servicemen who are affected do  
20 not make written objection to the Department to this  
21 arrangement.

22 (Source: P.A. 99-352, eff. 8-12-15; 99-858, eff. 8-19-16;  
23 100-303, eff. 8-24-17; 100-363, eff. 7-1-18; revised  
24 10-31-17.)

25 Section 25. The Retailers' Occupation Tax Act is amended by

1 changing Sections 2-5, 2-45, and 3 as follows:

2 (35 ILCS 120/2-5)

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

6 (1) Farm chemicals.

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

1 is separately stated.

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

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

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

25 (4) Until July 1, 2003 and beginning again September 1,  
26 2004 through August 30, 2014, graphic arts machinery and

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

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

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

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

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

25 (9) Personal property sold to a not-for-profit arts or  
26 cultural organization that establishes, by proof required

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

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

22 (11) Personal property sold to a governmental body, to  
23 a corporation, society, association, foundation, or  
24 institution organized and operated exclusively for  
25 charitable, religious, or educational purposes, or to a  
26 not-for-profit corporation, society, association,



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

11 (12) (Blank).

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

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

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

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

1 and equipment used in (i) the generation of electricity for  
2 wholesale or retail sale; (ii) the generation or treatment  
3 of natural or artificial gas for wholesale or retail sale  
4 that is delivered to customers through pipes, pipelines, or  
5 mains; or (iii) the treatment of water for wholesale or  
6 retail sale that is delivered to customers through pipes,  
7 pipelines, or mains. The provisions of Public Act 98-583  
8 are declaratory of existing law as to the meaning and scope  
9 of this exemption. Beginning on July 1, 2017, the exemption  
10 provided by this paragraph (14) includes, but is not  
11 limited to, graphic arts machinery and equipment, as  
12 defined in paragraph (4) of this Section. Beginning on  
13 August 31, 2014, manufacturing and assembling machinery  
14 and equipment includes production related tangible  
15 personal property, as defined in Section 2-45 of this Act.  
16 The exemption provided by this paragraph (14) is exempt  
17 from the provisions of Section 2-70.

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). This paragraph (21) is exempt  
17 from the provisions of Section 2-70.

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

25 Beginning July 1, 2013, fuel and petroleum products  
26 sold to or used by an air carrier, certified by the carrier

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

8 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

9 Sec. 2-45. Manufacturing and assembly exemption. The  
10 manufacturing and assembly machinery and equipment exemption  
11 includes machinery and equipment that replaces machinery and  
12 equipment in an existing manufacturing facility as well as  
13 machinery and equipment that are for use in an expanded or new  
14 manufacturing facility.

15 The machinery and equipment exemption also includes  
16 machinery and equipment used in the general maintenance or  
17 repair of exempt machinery and equipment or for in-house  
18 manufacture of exempt machinery and equipment. Beginning on  
19 August 31, 2014, the manufacturing and assembling machinery and  
20 equipment exemption also includes production related tangible  
21 personal property, as defined in this Section. Beginning on  
22 July 1, 2017, the manufacturing and assembling machinery and  
23 equipment exemption also includes graphic arts machinery and  
24 equipment, as defined in paragraph (4) of Section 2-5. The  
25 machinery and equipment exemption does not include machinery

1 and equipment used in (i) the generation of electricity for  
2 wholesale or retail sale; (ii) the generation or treatment of  
3 natural or artificial gas for wholesale or retail sale that is  
4 delivered to customers through pipes, pipelines, or mains; or  
5 (iii) the treatment of water for wholesale or retail sale that  
6 is delivered to customers through pipes, pipelines, or mains.  
7 The provisions of this amendatory Act of the 98th General  
8 Assembly are declaratory of existing law as to the meaning and  
9 scope of this exemption. For the purposes of this exemption,  
10 terms have the following meanings:

11 (1) "Manufacturing process" means the production of an  
12 article of tangible personal property, whether the article  
13 is a finished product or an article for use in the process  
14 of manufacturing or assembling a different article of  
15 tangible personal property, by a procedure commonly  
16 regarded as manufacturing, processing, fabricating, or  
17 refining that changes some existing material or materials  
18 into a material with a different form, use, or name. In  
19 relation to a recognized integrated business composed of a  
20 series of operations that collectively constitute  
21 manufacturing, or individually constitute manufacturing  
22 operations, the manufacturing process commences with the  
23 first operation or stage of production in the series and  
24 does not end until the completion of the final product in  
25 the last operation or stage of production in the series.  
26 For purposes of this exemption, photoprocessing is a

1 manufacturing process of tangible personal property for  
2 wholesale or retail sale.

3 (2) "Assembling process" means the production of an  
4 article of tangible personal property, whether the article  
5 is a finished product or an article for use in the process  
6 of manufacturing or assembling a different article of  
7 tangible personal property, by the combination of existing  
8 materials in a manner commonly regarded as assembling that  
9 results in a material of a different form, use, or name.

10 (3) "Machinery" means major mechanical machines or  
11 major components of those machines contributing to a  
12 manufacturing or assembling process.

13 (4) "Equipment" includes an independent device or tool  
14 separate from machinery but essential to an integrated  
15 manufacturing or assembly process; including computers  
16 used primarily in a manufacturer's computer assisted  
17 design, computer assisted manufacturing (CAD/CAM) system;  
18 any subunit or assembly comprising a component of any  
19 machinery or auxiliary, adjunct, or attachment parts of  
20 machinery, such as tools, dies, jigs, fixtures, patterns,  
21 and molds; and any parts that require periodic replacement  
22 in the course of normal operation; but does not include  
23 hand tools. Equipment includes chemicals or chemicals  
24 acting as catalysts but only if the chemicals or chemicals  
25 acting as catalysts effect a direct and immediate change  
26 upon a product being manufactured or assembled for

1 wholesale or retail sale or lease.

2 (5) "Production related tangible personal property"  
3 means all tangible personal property that is used or  
4 consumed by the purchaser in a manufacturing facility in  
5 which a manufacturing process takes place, including ~~and~~  
6 ~~includes, without limitation,~~ tangible personal property  
7 that is purchased for incorporation into real estate within  
8 a manufacturing facility and including, but not limited to,  
9 tangible personal property that is used or consumed in  
10 activities such as research and development, preproduction  
11 material handling, receiving, quality control, inventory  
12 control, storage, staging, and packaging for shipping and  
13 transportation purposes. Tangible personal property used  
14 or consumed by the purchaser for research and development  
15 is considered "production related tangible personal  
16 property" regardless of use within or without a  
17 manufacturing facility. "Production related tangible  
18 personal property" does not include (i) tangible personal  
19 property that is used, within or without a manufacturing  
20 facility, in sales, purchasing, accounting, fiscal  
21 management, marketing, personnel recruitment or selection,  
22 or landscaping or (ii) tangible personal property that is  
23 required to be titled or registered with a department,  
24 agency, or unit of federal, State, or local government.

25 ~~The manufacturing and assembling machinery and equipment~~  
26 ~~exemption includes production related tangible personal~~

1 ~~property that is purchased on or after July 1, 2007 and on or~~  
2 ~~before June 30, 2008. The exemption for production related~~  
3 ~~tangible personal property is subject to both of the following~~  
4 ~~limitations:~~

5 ~~(1) The maximum amount of the exemption for any one~~  
6 ~~taxpayer may not exceed 5% of the purchase price of~~  
7 ~~production related tangible personal property that is~~  
8 ~~purchased on or after July 1, 2007 and on or before June~~  
9 ~~30, 2008. A credit under Section 3-85 of this Act may not~~  
10 ~~be earned by the purchase of production related tangible~~  
11 ~~personal property for which an exemption is received under~~  
12 ~~this Section.~~

13 ~~(2) The maximum aggregate amount of the exemptions for~~  
14 ~~production related tangible personal property awarded~~  
15 ~~under this Act and the Use Tax Act to all taxpayers may not~~  
16 ~~exceed \$10,000,000. If the claims for the exemption exceed~~  
17 ~~\$10,000,000, then the Department shall reduce the amount of~~  
18 ~~the exemption to each taxpayer on a pro rata basis.~~

19 ~~The Department may adopt rules to implement and administer the~~  
20 ~~exemption for production related tangible personal property.~~

21 The manufacturing and assembling machinery and equipment  
22 exemption includes the sale of materials to a purchaser who  
23 produces exempted types of machinery, equipment, or tools and  
24 who rents or leases that machinery, equipment, or tools to a  
25 manufacturer of tangible personal property. This exemption  
26 also includes the sale of materials to a purchaser who

1 manufactures those materials into an exempted type of  
2 machinery, equipment, or tools that the purchaser uses himself  
3 or herself in the manufacturing of tangible personal property.  
4 The purchaser of the machinery and equipment who has an active  
5 resale registration number shall furnish that number to the  
6 seller at the time of purchase. A purchaser of the machinery,  
7 equipment, and tools without an active resale registration  
8 number shall furnish to the seller a certificate of exemption  
9 for each transaction stating facts establishing the exemption  
10 for that transaction, and that certificate shall be available  
11 to the Department for inspection or audit. Informal rulings,  
12 opinions, or letters issued by the Department in response to an  
13 inquiry or request for an opinion from any person regarding the  
14 coverage and applicability of this exemption to specific  
15 devices shall be published, maintained as a public record, and  
16 made available for public inspection and copying. If the  
17 informal ruling, opinion, or letter contains trade secrets or  
18 other confidential information, where possible, the Department  
19 shall delete that information before publication. Whenever  
20 informal rulings, opinions, or letters contain a policy of  
21 general applicability, the Department shall formulate and  
22 adopt that policy as a rule in accordance with the Illinois  
23 Administrative Procedure Act.

24 The manufacturing and assembling machinery and equipment  
25 exemption is exempt from the provisions of Section 2-70.

26 (Source: P.A. 100-22, eff. 7-6-17.)

1 (35 ILCS 120/3) (from Ch. 120, par. 442)

2 (Text of Section before amendment by P.A. 100-363)

3 Sec. 3. Except as provided in this Section, on or before  
4 the twentieth day of each calendar month, every person engaged  
5 in the business of selling tangible personal property at retail  
6 in this State during the preceding calendar month shall file a  
7 return with the Department, stating:

8 1. The name of the seller;

9 2. His residence address and the address of his  
10 principal place of business and the address of the  
11 principal place of business (if that is a different  
12 address) from which he engages in the business of selling  
13 tangible personal property at retail in this State;

14 3. Total amount of receipts received by him during the  
15 preceding calendar month or quarter, as the case may be,  
16 from sales of tangible personal property, and from services  
17 furnished, by him during such preceding calendar month or  
18 quarter;

19 4. Total amount received by him during the preceding  
20 calendar month or quarter on charge and time sales of  
21 tangible personal property, and from services furnished,  
22 by him prior to the month or quarter for which the return  
23 is filed;

24 5. Deductions allowed by law;

25 6. Gross receipts which were received by him during the



1 preceding calendar month or quarter and upon the basis of  
2 which the tax is imposed;

3 7. The amount of credit provided in Section 2d of this  
4 Act;

5 8. The amount of tax due;

6 9. The signature of the taxpayer; and

7 10. Such other reasonable information as the  
8 Department may require.

9 On and after January 1, 2018, except for returns for motor  
10 vehicles, watercraft, aircraft, and trailers that are required  
11 to be registered with an agency of this State, with respect to  
12 retailers whose annual gross receipts average \$20,000 or more,  
13 all returns required to be filed pursuant to this Act shall be  
14 filed electronically. Retailers who demonstrate that they do  
15 not have access to the Internet or demonstrate hardship in  
16 filing electronically may petition the Department to waive the  
17 electronic filing requirement.

18 If a taxpayer fails to sign a return within 30 days after  
19 the proper notice and demand for signature by the Department,  
20 the return shall be considered valid and any amount shown to be  
21 due on the return shall be deemed assessed.

22 Each return shall be accompanied by the statement of  
23 prepaid tax issued pursuant to Section 2e for which credit is  
24 claimed.

25 Prior to October 1, 2003, and on and after September 1,  
26 2004 and through August 30, 2014, a retailer may accept a

1 Manufacturer's Purchase Credit certification from a purchaser  
2 in satisfaction of Use Tax as provided in Section 3-85 of the  
3 Use Tax Act if the purchaser provides the appropriate  
4 documentation as required by Section 3-85 of the Use Tax Act. A  
5 Manufacturer's Purchase Credit certification, accepted by a  
6 retailer prior to October 1, 2003 and on and after September 1,  
7 2004 and through August 30, 2014, as provided in Section 3-85  
8 of the Use Tax Act, may be used through September 30, 2014 by  
9 that retailer to satisfy Retailers' Occupation Tax liability in  
10 the amount claimed in the certification, not to exceed 6.25% of  
11 the receipts subject to tax from a qualifying purchase. A  
12 Manufacturer's Purchase Credit reported on any original or  
13 amended return filed under this Act after October 20, 2003 for  
14 reporting periods prior to September 1, 2004 shall be  
15 disallowed. A Manufacturer's Purchaser Credit reported on any  
16 original or amended return filed under this Act after September  
17 20, 2014 shall be disallowed. Manufacturer's Purchaser Credit  
18 reported on annual returns due on or after January 1, 2005 will  
19 be disallowed for periods prior to September 1, 2004. A  
20 Manufacturer's Purchase Credit reported on an annual return due  
21 on or after January 1, 2015 shall be disallowed for periods on  
22 and after August 31, 2014. No Manufacturer's Purchase Credit  
23 may be used after September 30, 2003 through August 31, 2004,  
24 or after September 20, 2014, to satisfy any tax liability  
25 imposed under this Act, including any audit liability.

26 The Department may require returns to be filed on a

1 quarterly basis. If so required, a return for each calendar  
2 quarter shall be filed on or before the twentieth day of the  
3 calendar month following the end of such calendar quarter. The  
4 taxpayer shall also file a return with the Department for each  
5 of the first two months of each calendar quarter, on or before  
6 the twentieth day of the following calendar month, stating:

7 1. The name of the seller;

8 2. The address of the principal place of business from  
9 which he engages in the business of selling tangible  
10 personal property at retail in this State;

11 3. The total amount of taxable receipts received by him  
12 during the preceding calendar month from sales of tangible  
13 personal property by him during such preceding calendar  
14 month, including receipts from charge and time sales, but  
15 less all deductions allowed by law;

16 4. The amount of credit provided in Section 2d of this  
17 Act;

18 5. The amount of tax due; and

19 6. Such other reasonable information as the Department  
20 may require.

21 Beginning on October 1, 2003, any person who is not a  
22 licensed distributor, importing distributor, or manufacturer,  
23 as defined in the Liquor Control Act of 1934, but is engaged in  
24 the business of selling, at retail, alcoholic liquor shall file  
25 a statement with the Department of Revenue, in a format and at  
26 a time prescribed by the Department, showing the total amount

1 paid for alcoholic liquor purchased during the preceding month  
2 and such other information as is reasonably required by the  
3 Department. The Department may adopt rules to require that this  
4 statement be filed in an electronic or telephonic format. Such  
5 rules may provide for exceptions from the filing requirements  
6 of this paragraph. For the purposes of this paragraph, the term  
7 "alcoholic liquor" shall have the meaning prescribed in the  
8 Liquor Control Act of 1934.

9 Beginning on October 1, 2003, every distributor, importing  
10 distributor, and manufacturer of alcoholic liquor as defined in  
11 the Liquor Control Act of 1934, shall file a statement with the  
12 Department of Revenue, no later than the 10th day of the month  
13 for the preceding month during which transactions occurred, by  
14 electronic means, showing the total amount of gross receipts  
15 from the sale of alcoholic liquor sold or distributed during  
16 the preceding month to purchasers; identifying the purchaser to  
17 whom it was sold or distributed; the purchaser's tax  
18 registration number; and such other information reasonably  
19 required by the Department. A distributor, importing  
20 distributor, or manufacturer of alcoholic liquor must  
21 personally deliver, mail, or provide by electronic means to  
22 each retailer listed on the monthly statement a report  
23 containing a cumulative total of that distributor's, importing  
24 distributor's, or manufacturer's total sales of alcoholic  
25 liquor to that retailer no later than the 10th day of the month  
26 for the preceding month during which the transaction occurred.

1 The distributor, importing distributor, or manufacturer shall  
2 notify the retailer as to the method by which the distributor,  
3 importing distributor, or manufacturer will provide the sales  
4 information. If the retailer is unable to receive the sales  
5 information by electronic means, the distributor, importing  
6 distributor, or manufacturer shall furnish the sales  
7 information by personal delivery or by mail. For purposes of  
8 this paragraph, the term "electronic means" includes, but is  
9 not limited to, the use of a secure Internet website, e-mail,  
10 or facsimile.

11 If a total amount of less than \$1 is payable, refundable or  
12 creditable, such amount shall be disregarded if it is less than  
13 50 cents and shall be increased to \$1 if it is 50 cents or more.

14 Beginning October 1, 1993, a taxpayer who has an average  
15 monthly tax liability of \$150,000 or more shall make all  
16 payments required by rules of the Department by electronic  
17 funds transfer. Beginning October 1, 1994, a taxpayer who has  
18 an average monthly tax liability of \$100,000 or more shall make  
19 all payments required by rules of the Department by electronic  
20 funds transfer. Beginning October 1, 1995, a taxpayer who has  
21 an average monthly tax liability of \$50,000 or more shall make  
22 all payments required by rules of the Department by electronic  
23 funds transfer. Beginning October 1, 2000, a taxpayer who has  
24 an annual tax liability of \$200,000 or more shall make all  
25 payments required by rules of the Department by electronic  
26 funds transfer. The term "annual tax liability" shall be the

1 sum of the taxpayer's liabilities under this Act, and under all  
2 other State and local occupation and use tax laws administered  
3 by the Department, for the immediately preceding calendar year.  
4 The term "average monthly tax liability" shall be the sum of  
5 the taxpayer's liabilities under this Act, and under all other  
6 State and local occupation and use tax laws administered by the  
7 Department, for the immediately preceding calendar year  
8 divided by 12. Beginning on October 1, 2002, a taxpayer who has  
9 a tax liability in the amount set forth in subsection (b) of  
10 Section 2505-210 of the Department of Revenue Law shall make  
11 all payments required by rules of the Department by electronic  
12 funds transfer.

13 Before August 1 of each year beginning in 1993, the  
14 Department shall notify all taxpayers required to make payments  
15 by electronic funds transfer. All taxpayers required to make  
16 payments by electronic funds transfer shall make those payments  
17 for a minimum of one year beginning on October 1.

18 Any taxpayer not required to make payments by electronic  
19 funds transfer may make payments by electronic funds transfer  
20 with the permission of the Department.

21 All taxpayers required to make payment by electronic funds  
22 transfer and any taxpayers authorized to voluntarily make  
23 payments by electronic funds transfer shall make those payments  
24 in the manner authorized by the Department.

25 The Department shall adopt such rules as are necessary to  
26 effectuate a program of electronic funds transfer and the

1 requirements of this Section.

2 Any amount which is required to be shown or reported on any  
3 return or other document under this Act shall, if such amount  
4 is not a whole-dollar amount, be increased to the nearest  
5 whole-dollar amount in any case where the fractional part of a  
6 dollar is 50 cents or more, and decreased to the nearest  
7 whole-dollar amount where the fractional part of a dollar is  
8 less than 50 cents.

9 If the retailer is otherwise required to file a monthly  
10 return and if the retailer's average monthly tax liability to  
11 the Department does not exceed \$200, the Department may  
12 authorize his returns to be filed on a quarter annual basis,  
13 with the return for January, February and March of a given year  
14 being due by April 20 of such year; with the return for April,  
15 May and June of a given year being due by July 20 of such year;  
16 with the return for July, August and September of a given year  
17 being due by October 20 of such year, and with the return for  
18 October, November and December of a given year being due by  
19 January 20 of the following year.

20 If the retailer is otherwise required to file a monthly or  
21 quarterly return and if the retailer's average monthly tax  
22 liability with the Department does not exceed \$50, the  
23 Department may authorize his returns to be filed on an annual  
24 basis, with the return for a given year being due by January 20  
25 of the following year.

26 Such quarter annual and annual returns, as to form and

1 substance, shall be subject to the same requirements as monthly  
2 returns.

3 Notwithstanding any other provision in this Act concerning  
4 the time within which a retailer may file his return, in the  
5 case of any retailer who ceases to engage in a kind of business  
6 which makes him responsible for filing returns under this Act,  
7 such retailer shall file a final return under this Act with the  
8 Department not more than one month after discontinuing such  
9 business.

10 Where the same person has more than one business registered  
11 with the Department under separate registrations under this  
12 Act, such person may not file each return that is due as a  
13 single return covering all such registered businesses, but  
14 shall file separate returns for each such registered business.

15 In addition, with respect to motor vehicles, watercraft,  
16 aircraft, and trailers that are required to be registered with  
17 an agency of this State, every retailer selling this kind of  
18 tangible personal property shall file, with the Department,  
19 upon a form to be prescribed and supplied by the Department, a  
20 separate return for each such item of tangible personal  
21 property which the retailer sells, except that if, in the same  
22 transaction, (i) a retailer of aircraft, watercraft, motor  
23 vehicles or trailers transfers more than one aircraft,  
24 watercraft, motor vehicle or trailer to another aircraft,  
25 watercraft, motor vehicle retailer or trailer retailer for the  
26 purpose of resale or (ii) a retailer of aircraft, watercraft,



1 motor vehicles, or trailers transfers more than one aircraft,  
2 watercraft, motor vehicle, or trailer to a purchaser for use as  
3 a qualifying rolling stock as provided in Section 2-5 of this  
4 Act, then that seller may report the transfer of all aircraft,  
5 watercraft, motor vehicles or trailers involved in that  
6 transaction to the Department on the same uniform  
7 invoice-transaction reporting return form. For purposes of  
8 this Section, "watercraft" means a Class 2, Class 3, or Class 4  
9 watercraft as defined in Section 3-2 of the Boat Registration  
10 and Safety Act, a personal watercraft, or any boat equipped  
11 with an inboard motor.

12 Any retailer who sells only motor vehicles, watercraft,  
13 aircraft, or trailers that are required to be registered with  
14 an agency of this State, so that all retailers' occupation tax  
15 liability is required to be reported, and is reported, on such  
16 transaction reporting returns and who is not otherwise required  
17 to file monthly or quarterly returns, need not file monthly or  
18 quarterly returns. However, those retailers shall be required  
19 to file returns on an annual basis.

20 The transaction reporting return, in the case of motor  
21 vehicles or trailers that are required to be registered with an  
22 agency of this State, shall be the same document as the Uniform  
23 Invoice referred to in Section 5-402 of The Illinois Vehicle  
24 Code and must show the name and address of the seller; the name  
25 and address of the purchaser; the amount of the selling price  
26 including the amount allowed by the retailer for traded-in

1 property, if any; the amount allowed by the retailer for the  
2 traded-in tangible personal property, if any, to the extent to  
3 which Section 1 of this Act allows an exemption for the value  
4 of traded-in property; the balance payable after deducting such  
5 trade-in allowance from the total selling price; the amount of  
6 tax due from the retailer with respect to such transaction; the  
7 amount of tax collected from the purchaser by the retailer on  
8 such transaction (or satisfactory evidence that such tax is not  
9 due in that particular instance, if that is claimed to be the  
10 fact); the place and date of the sale; a sufficient  
11 identification of the property sold; such other information as  
12 is required in Section 5-402 of The Illinois Vehicle Code, and  
13 such other information as the Department may reasonably  
14 require.

15 The transaction reporting return in the case of watercraft  
16 or aircraft must show the name and address of the seller; the  
17 name and address of the purchaser; the amount of the selling  
18 price including the amount allowed by the retailer for  
19 traded-in property, if any; the amount allowed by the retailer  
20 for the traded-in tangible personal property, if any, to the  
21 extent to which Section 1 of this Act allows an exemption for  
22 the value of traded-in property; the balance payable after  
23 deducting such trade-in allowance from the total selling price;  
24 the amount of tax due from the retailer with respect to such  
25 transaction; the amount of tax collected from the purchaser by  
26 the retailer on such transaction (or satisfactory evidence that

1 such tax is not due in that particular instance, if that is  
2 claimed to be the fact); the place and date of the sale, a  
3 sufficient identification of the property sold, and such other  
4 information as the Department may reasonably require.

5 Such transaction reporting return shall be filed not later  
6 than 20 days after the day of delivery of the item that is  
7 being sold, but may be filed by the retailer at any time sooner  
8 than that if he chooses to do so. The transaction reporting  
9 return and tax remittance or proof of exemption from the  
10 Illinois use tax may be transmitted to the Department by way of  
11 the State agency with which, or State officer with whom the  
12 tangible personal property must be titled or registered (if  
13 titling or registration is required) if the Department and such  
14 agency or State officer determine that this procedure will  
15 expedite the processing of applications for title or  
16 registration.

17 With each such transaction reporting return, the retailer  
18 shall remit the proper amount of tax due (or shall submit  
19 satisfactory evidence that the sale is not taxable if that is  
20 the case), to the Department or its agents, whereupon the  
21 Department shall issue, in the purchaser's name, a use tax  
22 receipt (or a certificate of exemption if the Department is  
23 satisfied that the particular sale is tax exempt) which such  
24 purchaser may submit to the agency with which, or State officer  
25 with whom, he must title or register the tangible personal  
26 property that is involved (if titling or registration is

1 required) in support of such purchaser's application for an  
2 Illinois certificate or other evidence of title or registration  
3 to such tangible personal property.

4 No retailer's failure or refusal to remit tax under this  
5 Act precludes a user, who has paid the proper tax to the  
6 retailer, from obtaining his certificate of title or other  
7 evidence of title or registration (if titling or registration  
8 is required) upon satisfying the Department that such user has  
9 paid the proper tax (if tax is due) to the retailer. The  
10 Department shall adopt appropriate rules to carry out the  
11 mandate of this paragraph.

12 If the user who would otherwise pay tax to the retailer  
13 wants the transaction reporting return filed and the payment of  
14 the tax or proof of exemption made to the Department before the  
15 retailer is willing to take these actions and such user has not  
16 paid the tax to the retailer, such user may certify to the fact  
17 of such delay by the retailer and may (upon the Department  
18 being satisfied of the truth of such certification) transmit  
19 the information required by the transaction reporting return  
20 and the remittance for tax or proof of exemption directly to  
21 the Department and obtain his tax receipt or exemption  
22 determination, in which event the transaction reporting return  
23 and tax remittance (if a tax payment was required) shall be  
24 credited by the Department to the proper retailer's account  
25 with the Department, but without the 2.1% or 1.75% discount  
26 provided for in this Section being allowed. When the user pays

1 the tax directly to the Department, he shall pay the tax in the  
2 same amount and in the same form in which it would be remitted  
3 if the tax had been remitted to the Department by the retailer.

4 Refunds made by the seller during the preceding return  
5 period to purchasers, on account of tangible personal property  
6 returned to the seller, shall be allowed as a deduction under  
7 subdivision 5 of his monthly or quarterly return, as the case  
8 may be, in case the seller had theretofore included the  
9 receipts from the sale of such tangible personal property in a  
10 return filed by him and had paid the tax imposed by this Act  
11 with respect to such receipts.

12 Where the seller is a corporation, the return filed on  
13 behalf of such corporation shall be signed by the president,  
14 vice-president, secretary or treasurer or by the properly  
15 accredited agent of such corporation.

16 Where the seller is a limited liability company, the return  
17 filed on behalf of the limited liability company shall be  
18 signed by a manager, member, or properly accredited agent of  
19 the limited liability company.

20 Except as provided in this Section, the retailer filing the  
21 return under this Section shall, at the time of filing such  
22 return, pay to the Department the amount of tax imposed by this  
23 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%  
24 on and after January 1, 1990, or \$5 per calendar year,  
25 whichever is greater, which is allowed to reimburse the  
26 retailer for the expenses incurred in keeping records,

1 preparing and filing returns, remitting the tax and supplying  
2 data to the Department on request. Any prepayment made pursuant  
3 to Section 2d of this Act shall be included in the amount on  
4 which such 2.1% or 1.75% discount is computed. In the case of  
5 retailers who report and pay the tax on a transaction by  
6 transaction basis, as provided in this Section, such discount  
7 shall be taken with each such tax remittance instead of when  
8 such retailer files his periodic return. The discount allowed  
9 under this Section is allowed only for returns that are filed  
10 in the manner required by this Act. The Department may disallow  
11 the discount for retailers whose certificate of registration is  
12 revoked at the time the return is filed, but only if the  
13 Department's decision to revoke the certificate of  
14 registration has become final.

15 Before October 1, 2000, if the taxpayer's average monthly  
16 tax liability to the Department under this Act, the Use Tax  
17 Act, the Service Occupation Tax Act, and the Service Use Tax  
18 Act, excluding any liability for prepaid sales tax to be  
19 remitted in accordance with Section 2d of this Act, was \$10,000  
20 or more during the preceding 4 complete calendar quarters, he  
21 shall file a return with the Department each month by the 20th  
22 day of the month next following the month during which such tax  
23 liability is incurred and shall make payments to the Department  
24 on or before the 7th, 15th, 22nd and last day of the month  
25 during which such liability is incurred. On and after October  
26 1, 2000, if the taxpayer's average monthly tax liability to the

1 Department under this Act, the Use Tax Act, the Service  
2 Occupation Tax Act, and the Service Use Tax Act, excluding any  
3 liability for prepaid sales tax to be remitted in accordance  
4 with Section 2d of this Act, was \$20,000 or more during the  
5 preceding 4 complete calendar quarters, he shall file a return  
6 with the Department each month by the 20th day of the month  
7 next following the month during which such tax liability is  
8 incurred and shall make payment to the Department on or before  
9 the 7th, 15th, 22nd and last day of the month during which such  
10 liability is incurred. If the month during which such tax  
11 liability is incurred began prior to January 1, 1985, each  
12 payment shall be in an amount equal to 1/4 of the taxpayer's  
13 actual liability for the month or an amount set by the  
14 Department not to exceed 1/4 of the average monthly liability  
15 of the taxpayer to the Department for the preceding 4 complete  
16 calendar quarters (excluding the month of highest liability and  
17 the month of lowest liability in such 4 quarter period). If the  
18 month during which such tax liability is incurred begins on or  
19 after January 1, 1985 and prior to January 1, 1987, each  
20 payment shall be in an amount equal to 22.5% of the taxpayer's  
21 actual liability for the month or 27.5% of the taxpayer's  
22 liability for the same calendar month of the preceding year. If  
23 the month during which such tax liability is incurred begins on  
24 or after January 1, 1987 and prior to January 1, 1988, each  
25 payment shall be in an amount equal to 22.5% of the taxpayer's  
26 actual liability for the month or 26.25% of the taxpayer's

1 liability for the same calendar month of the preceding year. If  
2 the month during which such tax liability is incurred begins on  
3 or after January 1, 1988, and prior to January 1, 1989, or  
4 begins on or after January 1, 1996, each payment shall be in an  
5 amount equal to 22.5% of the taxpayer's actual liability for  
6 the month or 25% of the taxpayer's liability for the same  
7 calendar month of the preceding year. If the month during which  
8 such tax liability is incurred begins on or after January 1,  
9 1989, and prior to January 1, 1996, each payment shall be in an  
10 amount equal to 22.5% of the taxpayer's actual liability for  
11 the month or 25% of the taxpayer's liability for the same  
12 calendar month of the preceding year or 100% of the taxpayer's  
13 actual liability for the quarter monthly reporting period. The  
14 amount of such quarter monthly payments shall be credited  
15 against the final tax liability of the taxpayer's return for  
16 that month. Before October 1, 2000, once applicable, the  
17 requirement of the making of quarter monthly payments to the  
18 Department by taxpayers having an average monthly tax liability  
19 of \$10,000 or more as determined in the manner provided above  
20 shall continue until such taxpayer's average monthly liability  
21 to the Department during the preceding 4 complete calendar  
22 quarters (excluding the month of highest liability and the  
23 month of lowest liability) is less than \$9,000, or until such  
24 taxpayer's average monthly liability to the Department as  
25 computed for each calendar quarter of the 4 preceding complete  
26 calendar quarter period is less than \$10,000. However, if a



1 taxpayer can show the Department that a substantial change in  
2 the taxpayer's business has occurred which causes the taxpayer  
3 to anticipate that his average monthly tax liability for the  
4 reasonably foreseeable future will fall below the \$10,000  
5 threshold stated above, then such taxpayer may petition the  
6 Department for a change in such taxpayer's reporting status. On  
7 and after October 1, 2000, once applicable, the requirement of  
8 the making of quarter monthly payments to the Department by  
9 taxpayers having an average monthly tax liability of \$20,000 or  
10 more as determined in the manner provided above shall continue  
11 until such taxpayer's average monthly liability to the  
12 Department during the preceding 4 complete calendar quarters  
13 (excluding the month of highest liability and the month of  
14 lowest liability) is less than \$19,000 or until such taxpayer's  
15 average monthly liability to the Department as computed for  
16 each calendar quarter of the 4 preceding complete calendar  
17 quarter period is less than \$20,000. However, if a taxpayer can  
18 show the Department that a substantial change in the taxpayer's  
19 business has occurred which causes the taxpayer to anticipate  
20 that his average monthly tax liability for the reasonably  
21 foreseeable future will fall below the \$20,000 threshold stated  
22 above, then such taxpayer may petition the Department for a  
23 change in such taxpayer's reporting status. The Department  
24 shall change such taxpayer's reporting status unless it finds  
25 that such change is seasonal in nature and not likely to be  
26 long term. If any such quarter monthly payment is not paid at

1 the time or in the amount required by this Section, then the  
2 taxpayer shall be liable for penalties and interest on the  
3 difference between the minimum amount due as a payment and the  
4 amount of such quarter monthly payment actually and timely  
5 paid, except insofar as the taxpayer has previously made  
6 payments for that month to the Department in excess of the  
7 minimum payments previously due as provided in this Section.  
8 The Department shall make reasonable rules and regulations to  
9 govern the quarter monthly payment amount and quarter monthly  
10 payment dates for taxpayers who file on other than a calendar  
11 monthly basis.

12 The provisions of this paragraph apply before October 1,  
13 2001. Without regard to whether a taxpayer is required to make  
14 quarter monthly payments as specified above, any taxpayer who  
15 is required by Section 2d of this Act to collect and remit  
16 prepaid taxes and has collected prepaid taxes which average in  
17 excess of \$25,000 per month during the preceding 2 complete  
18 calendar quarters, shall file a return with the Department as  
19 required by Section 2f and shall make payments to the  
20 Department on or before the 7th, 15th, 22nd and last day of the  
21 month during which such liability is incurred. If the month  
22 during which such tax liability is incurred began prior to  
23 September 1, 1985 (the effective date of Public Act 84-221),  
24 each payment shall be in an amount not less than 22.5% of the  
25 taxpayer's actual liability under Section 2d. If the month  
26 during which such tax liability is incurred begins on or after

1 January 1, 1986, each payment shall be in an amount equal to  
2 22.5% of the taxpayer's actual liability for the month or 27.5%  
3 of the taxpayer's liability for the same calendar month of the  
4 preceding calendar year. If the month during which such tax  
5 liability is incurred begins on or after January 1, 1987, each  
6 payment shall be in an amount equal to 22.5% of the taxpayer's  
7 actual liability for the month or 26.25% of the taxpayer's  
8 liability for the same calendar month of the preceding year.  
9 The amount of such quarter monthly payments shall be credited  
10 against the final tax liability of the taxpayer's return for  
11 that month filed under this Section or Section 2f, as the case  
12 may be. Once applicable, the requirement of the making of  
13 quarter monthly payments to the Department pursuant to this  
14 paragraph shall continue until such taxpayer's average monthly  
15 prepaid tax collections during the preceding 2 complete  
16 calendar quarters is \$25,000 or less. If any such quarter  
17 monthly payment is not paid at the time or in the amount  
18 required, the taxpayer shall be liable for penalties and  
19 interest on such difference, except insofar as the taxpayer has  
20 previously made payments for that month in excess of the  
21 minimum payments previously due.

22 The provisions of this paragraph apply on and after October  
23 1, 2001. Without regard to whether a taxpayer is required to  
24 make quarter monthly payments as specified above, any taxpayer  
25 who is required by Section 2d of this Act to collect and remit  
26 prepaid taxes and has collected prepaid taxes that average in

1 excess of \$20,000 per month during the preceding 4 complete  
2 calendar quarters shall file a return with the Department as  
3 required by Section 2f and shall make payments to the  
4 Department on or before the 7th, 15th, 22nd and last day of the  
5 month during which the liability is incurred. Each payment  
6 shall be in an amount equal to 22.5% of the taxpayer's actual  
7 liability for the month or 25% of the taxpayer's liability for  
8 the same calendar month of the preceding year. The amount of  
9 the quarter monthly payments shall be credited against the  
10 final tax liability of the taxpayer's return for that month  
11 filed under this Section or Section 2f, as the case may be.  
12 Once applicable, the requirement of the making of quarter  
13 monthly payments to the Department pursuant to this paragraph  
14 shall continue until the taxpayer's average monthly prepaid tax  
15 collections during the preceding 4 complete calendar quarters  
16 (excluding the month of highest liability and the month of  
17 lowest liability) is less than \$19,000 or until such taxpayer's  
18 average monthly liability to the Department as computed for  
19 each calendar quarter of the 4 preceding complete calendar  
20 quarters is less than \$20,000. If any such quarter monthly  
21 payment is not paid at the time or in the amount required, the  
22 taxpayer shall be liable for penalties and interest on such  
23 difference, except insofar as the taxpayer has previously made  
24 payments for that month in excess of the minimum payments  
25 previously due.

26 If any payment provided for in this Section exceeds the

1 taxpayer's liabilities under this Act, the Use Tax Act, the  
2 Service Occupation Tax Act and the Service Use Tax Act, as  
3 shown on an original monthly return, the Department shall, if  
4 requested by the taxpayer, issue to the taxpayer a credit  
5 memorandum no later than 30 days after the date of payment. The  
6 credit evidenced by such credit memorandum may be assigned by  
7 the taxpayer to a similar taxpayer under this Act, the Use Tax  
8 Act, the Service Occupation Tax Act or the Service Use Tax Act,  
9 in accordance with reasonable rules and regulations to be  
10 prescribed by the Department. If no such request is made, the  
11 taxpayer may credit such excess payment against tax liability  
12 subsequently to be remitted to the Department under this Act,  
13 the Use Tax Act, the Service Occupation Tax Act or the Service  
14 Use Tax Act, in accordance with reasonable rules and  
15 regulations prescribed by the Department. If the Department  
16 subsequently determined that all or any part of the credit  
17 taken was not actually due to the taxpayer, the taxpayer's 2.1%  
18 and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%  
19 of the difference between the credit taken and that actually  
20 due, and that taxpayer shall be liable for penalties and  
21 interest on such difference.

22 If a retailer of motor fuel is entitled to a credit under  
23 Section 2d of this Act which exceeds the taxpayer's liability  
24 to the Department under this Act for the month which the  
25 taxpayer is filing a return, the Department shall issue the  
26 taxpayer a credit memorandum for the excess.

1           Beginning January 1, 1990, each month the Department shall  
2 pay into the Local Government Tax Fund, a special fund in the  
3 State treasury which is hereby created, the net revenue  
4 realized for the preceding month from the 1% tax on sales of  
5 food for human consumption which is to be consumed off the  
6 premises where it is sold (other than alcoholic beverages, soft  
7 drinks and food which has been prepared for immediate  
8 consumption) and prescription and nonprescription medicines,  
9 drugs, medical appliances, products classified as Class III  
10 medical devices by the United States Food and Drug  
11 Administration that are used for cancer treatment pursuant to a  
12 prescription, as well as any accessories and components related  
13 to those devices, and insulin, urine testing materials,  
14 syringes and needles used by diabetics.

15           Beginning January 1, 1990, each month the Department shall  
16 pay into the County and Mass Transit District Fund, a special  
17 fund in the State treasury which is hereby created, 4% of the  
18 net revenue realized for the preceding month from the 6.25%  
19 general rate.

20           Beginning August 1, 2000, each month the Department shall  
21 pay into the County and Mass Transit District Fund 20% of the  
22 net revenue realized for the preceding month from the 1.25%  
23 rate on the selling price of motor fuel and gasohol. Beginning  
24 September 1, 2010, each month the Department shall pay into the  
25 County and Mass Transit District Fund 20% of the net revenue  
26 realized for the preceding month from the 1.25% rate on the

1 selling price of sales tax holiday items.

2 Beginning January 1, 1990, each month the Department shall  
3 pay into the Local Government Tax Fund 16% of the net revenue  
4 realized for the preceding month from the 6.25% general rate on  
5 the selling price of tangible personal property.

6 Beginning August 1, 2000, each month the Department shall  
7 pay into the Local Government Tax Fund 80% of the net revenue  
8 realized for the preceding month from the 1.25% rate on the  
9 selling price of motor fuel and gasohol. Beginning September 1,  
10 2010, each month the Department shall pay into the Local  
11 Government Tax Fund 80% of the net revenue realized for the  
12 preceding month from the 1.25% rate on the selling price of  
13 sales tax holiday items.

14 Beginning October 1, 2009, each month the Department shall  
15 pay into the Capital Projects Fund an amount that is equal to  
16 an amount estimated by the Department to represent 80% of the  
17 net revenue realized for the preceding month from the sale of  
18 candy, grooming and hygiene products, and soft drinks that had  
19 been taxed at a rate of 1% prior to September 1, 2009 but that  
20 are now taxed at 6.25%.

21 Beginning July 1, 2011, each month the Department shall pay  
22 into the Clean Air Act Permit Fund 80% of the net revenue  
23 realized for the preceding month from the 6.25% general rate on  
24 the selling price of sorbents used in Illinois in the process  
25 of sorbent injection as used to comply with the Environmental  
26 Protection Act or the federal Clean Air Act, but the total

1 payment into the Clean Air Act Permit Fund under this Act and  
2 the Use Tax Act shall not exceed \$2,000,000 in any fiscal year.

3 Beginning July 1, 2013, each month the Department shall pay  
4 into the Underground Storage Tank Fund from the proceeds  
5 collected under this Act, the Use Tax Act, the Service Use Tax  
6 Act, and the Service Occupation Tax Act an amount equal to the  
7 average monthly deficit in the Underground Storage Tank Fund  
8 during the prior year, as certified annually by the Illinois  
9 Environmental Protection Agency, but the total payment into the  
10 Underground Storage Tank Fund under this Act, the Use Tax Act,  
11 the Service Use Tax Act, and the Service Occupation Tax Act  
12 shall not exceed \$18,000,000 in any State fiscal year. As used  
13 in this paragraph, the "average monthly deficit" shall be equal  
14 to the difference between the average monthly claims for  
15 payment by the fund and the average monthly revenues deposited  
16 into the fund, excluding payments made pursuant to this  
17 paragraph.

18 Beginning July 1, 2015, of the remainder of the moneys  
19 received by the Department under the Use Tax Act, the Service  
20 Use Tax Act, the Service Occupation Tax Act, and this Act, each  
21 month the Department shall deposit \$500,000 into the State  
22 Crime Laboratory Fund.

23 Of the remainder of the moneys received by the Department  
24 pursuant to this Act, (a) 1.75% thereof shall be paid into the  
25 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on  
26 and after July 1, 1989, 3.8% thereof shall be paid into the



1 Build Illinois Fund; provided, however, that if in any fiscal  
2 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case  
3 may be, of the moneys received by the Department and required  
4 to be paid into the Build Illinois Fund pursuant to this Act,  
5 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax  
6 Act, and Section 9 of the Service Occupation Tax Act, such Acts  
7 being hereinafter called the "Tax Acts" and such aggregate of  
8 2.2% or 3.8%, as the case may be, of moneys being hereinafter  
9 called the "Tax Act Amount", and (2) the amount transferred to  
10 the Build Illinois Fund from the State and Local Sales Tax  
11 Reform Fund shall be less than the Annual Specified Amount (as  
12 hereinafter defined), an amount equal to the difference shall  
13 be immediately paid into the Build Illinois Fund from other  
14 moneys received by the Department pursuant to the Tax Acts; the  
15 "Annual Specified Amount" means the amounts specified below for  
16 fiscal years 1986 through 1993:

17	Fiscal Year	Annual Specified Amount
18	1986	\$54,800,000
19	1987	\$76,650,000
20	1988	\$80,480,000
21	1989	\$88,510,000
22	1990	\$115,330,000
23	1991	\$145,470,000
24	1992	\$182,730,000
25	1993	\$206,520,000;

26 and means the Certified Annual Debt Service Requirement (as

1 defined in Section 13 of the Build Illinois Bond Act) or the  
2 Tax Act Amount, whichever is greater, for fiscal year 1994 and  
3 each fiscal year thereafter; and further provided, that if on  
4 the last business day of any month the sum of (1) the Tax Act  
5 Amount required to be deposited into the Build Illinois Bond  
6 Account in the Build Illinois Fund during such month and (2)  
7 the amount transferred to the Build Illinois Fund from the  
8 State and Local Sales Tax Reform Fund shall have been less than  
9 1/12 of the Annual Specified Amount, an amount equal to the  
10 difference shall be immediately paid into the Build Illinois  
11 Fund from other moneys received by the Department pursuant to  
12 the Tax Acts; and, further provided, that in no event shall the  
13 payments required under the preceding proviso result in  
14 aggregate payments into the Build Illinois Fund pursuant to  
15 this clause (b) for any fiscal year in excess of the greater of  
16 (i) the Tax Act Amount or (ii) the Annual Specified Amount for  
17 such fiscal year. The amounts payable into the Build Illinois  
18 Fund under clause (b) of the first sentence in this paragraph  
19 shall be payable only until such time as the aggregate amount  
20 on deposit under each trust indenture securing Bonds issued and  
21 outstanding pursuant to the Build Illinois Bond Act is  
22 sufficient, taking into account any future investment income,  
23 to fully provide, in accordance with such indenture, for the  
24 defeasance of or the payment of the principal of, premium, if  
25 any, and interest on the Bonds secured by such indenture and on  
26 any Bonds expected to be issued thereafter and all fees and

1 costs payable with respect thereto, all as certified by the  
2 Director of the Bureau of the Budget (now Governor's Office of  
3 Management and Budget). If on the last business day of any  
4 month in which Bonds are outstanding pursuant to the Build  
5 Illinois Bond Act, the aggregate of moneys deposited in the  
6 Build Illinois Bond Account in the Build Illinois Fund in such  
7 month shall be less than the amount required to be transferred  
8 in such month from the Build Illinois Bond Account to the Build  
9 Illinois Bond Retirement and Interest Fund pursuant to Section  
10 13 of the Build Illinois Bond Act, an amount equal to such  
11 deficiency shall be immediately paid from other moneys received  
12 by the Department pursuant to the Tax Acts to the Build  
13 Illinois Fund; provided, however, that any amounts paid to the  
14 Build Illinois Fund in any fiscal year pursuant to this  
15 sentence shall be deemed to constitute payments pursuant to  
16 clause (b) of the first sentence of this paragraph and shall  
17 reduce the amount otherwise payable for such fiscal year  
18 pursuant to that clause (b). The moneys received by the  
19 Department pursuant to this Act and required to be deposited  
20 into the Build Illinois Fund are subject to the pledge, claim  
21 and charge set forth in Section 12 of the Build Illinois Bond  
22 Act.

23 Subject to payment of amounts into the Build Illinois Fund  
24 as provided in the preceding paragraph or in any amendment  
25 thereto hereafter enacted, the following specified monthly  
26 installment of the amount requested in the certificate of the

1 Chairman of the Metropolitan Pier and Exposition Authority  
 2 provided under Section 8.25f of the State Finance Act, but not  
 3 in excess of sums designated as "Total Deposit", shall be  
 4 deposited in the aggregate from collections under Section 9 of  
 5 the Use Tax Act, Section 9 of the Service Use Tax Act, Section  
 6 9 of the Service Occupation Tax Act, and Section 3 of the  
 7 Retailers' Occupation Tax Act into the McCormick Place  
 8 Expansion Project Fund in the specified fiscal years.

9	Fiscal Year	Total
		Deposit
10	1993	\$0
11	1994	53,000,000
12	1995	58,000,000
13	1996	61,000,000
14	1997	64,000,000
15	1998	68,000,000
16	1999	71,000,000
17	2000	75,000,000
18	2001	80,000,000
19	2002	93,000,000
20	2003	99,000,000
21	2004	103,000,000
22	2005	108,000,000
23	2006	113,000,000
24	2007	119,000,000
25	2008	126,000,000

1	2009	132,000,000
2	2010	139,000,000
3	2011	146,000,000
4	2012	153,000,000
5	2013	161,000,000
6	2014	170,000,000
7	2015	179,000,000
8	2016	189,000,000
9	2017	199,000,000
10	2018	210,000,000
11	2019	221,000,000
12	2020	233,000,000
13	2021	246,000,000
14	2022	260,000,000
15	2023	275,000,000
16	2024	275,000,000
17	2025	275,000,000
18	2026	279,000,000
19	2027	292,000,000
20	2028	307,000,000
21	2029	322,000,000
22	2030	338,000,000
23	2031	350,000,000
24	2032	350,000,000
25	and	
26	each fiscal year	

1           thereafter that bonds  
2           are outstanding under  
3           Section 13.2 of the  
4           Metropolitan Pier and  
5           Exposition Authority Act,  
6       but not after fiscal year 2060.

7           Beginning July 20, 1993 and in each month of each fiscal  
8       year thereafter, one-eighth of the amount requested in the  
9       certificate of the Chairman of the Metropolitan Pier and  
10      Exposition Authority for that fiscal year, less the amount  
11      deposited into the McCormick Place Expansion Project Fund by  
12      the State Treasurer in the respective month under subsection  
13      (g) of Section 13 of the Metropolitan Pier and Exposition  
14      Authority Act, plus cumulative deficiencies in the deposits  
15      required under this Section for previous months and years,  
16      shall be deposited into the McCormick Place Expansion Project  
17      Fund, until the full amount requested for the fiscal year, but  
18      not in excess of the amount specified above as "Total Deposit",  
19      has been deposited.

20           Subject to payment of amounts into the Build Illinois Fund  
21      and the McCormick Place Expansion Project Fund pursuant to the  
22      preceding paragraphs or in any amendments thereto hereafter  
23      enacted, beginning July 1, 1993 and ending on September 30,  
24      2013, the Department shall each month pay into the Illinois Tax  
25      Increment Fund 0.27% of 80% of the net revenue realized for the  
26      preceding month from the 6.25% general rate on the selling

1 price of tangible personal property.

2 Subject to payment of amounts into the Build Illinois Fund  
3 and the McCormick Place Expansion Project Fund pursuant to the  
4 preceding paragraphs or in any amendments thereto hereafter  
5 enacted, beginning with the receipt of the first report of  
6 taxes paid by an eligible business and continuing for a 25-year  
7 period, the Department shall each month pay into the Energy  
8 Infrastructure Fund 80% of the net revenue realized from the  
9 6.25% general rate on the selling price of Illinois-mined coal  
10 that was sold to an eligible business. For purposes of this  
11 paragraph, the term "eligible business" means a new electric  
12 generating facility certified pursuant to Section 605-332 of  
13 the Department of Commerce and Economic Opportunity Law of the  
14 Civil Administrative Code of Illinois.

15 Subject to payment of amounts into the Build Illinois Fund,  
16 the McCormick Place Expansion Project Fund, the Illinois Tax  
17 Increment Fund, and the Energy Infrastructure Fund pursuant to  
18 the preceding paragraphs or in any amendments to this Section  
19 hereafter enacted, beginning on the first day of the first  
20 calendar month to occur on or after August 26, 2014 (the  
21 effective date of Public Act 98-1098), each month, from the  
22 collections made under Section 9 of the Use Tax Act, Section 9  
23 of the Service Use Tax Act, Section 9 of the Service Occupation  
24 Tax Act, and Section 3 of the Retailers' Occupation Tax Act,  
25 the Department shall pay into the Tax Compliance and  
26 Administration Fund, to be used, subject to appropriation, to

1 fund additional auditors and compliance personnel at the  
2 Department of Revenue, an amount equal to 1/12 of 5% of 80% of  
3 the cash receipts collected during the preceding fiscal year by  
4 the Audit Bureau of the Department under the Use Tax Act, the  
5 Service Use Tax Act, the Service Occupation Tax Act, the  
6 Retailers' Occupation Tax Act, and associated local occupation  
7 and use taxes administered by the Department.

8 Of the remainder of the moneys received by the Department  
9 pursuant to this Act, 75% thereof shall be paid into the State  
10 Treasury and 25% shall be reserved in a special account and  
11 used only for the transfer to the Common School Fund as part of  
12 the monthly transfer from the General Revenue Fund in  
13 accordance with Section 8a of the State Finance Act.

14 The Department may, upon separate written notice to a  
15 taxpayer, require the taxpayer to prepare and file with the  
16 Department on a form prescribed by the Department within not  
17 less than 60 days after receipt of the notice an annual  
18 information return for the tax year specified in the notice.  
19 Such annual return to the Department shall include a statement  
20 of gross receipts as shown by the retailer's last Federal  
21 income tax return. If the total receipts of the business as  
22 reported in the Federal income tax return do not agree with the  
23 gross receipts reported to the Department of Revenue for the  
24 same period, the retailer shall attach to his annual return a  
25 schedule showing a reconciliation of the 2 amounts and the  
26 reasons for the difference. The retailer's annual return to the



1 Department shall also disclose the cost of goods sold by the  
2 retailer during the year covered by such return, opening and  
3 closing inventories of such goods for such year, costs of goods  
4 used from stock or taken from stock and given away by the  
5 retailer during such year, payroll information of the  
6 retailer's business during such year and any additional  
7 reasonable information which the Department deems would be  
8 helpful in determining the accuracy of the monthly, quarterly  
9 or annual returns filed by such retailer as provided for in  
10 this Section.

11 If the annual information return required by this Section  
12 is not filed when and as required, the taxpayer shall be liable  
13 as follows:

14 (i) Until January 1, 1994, the taxpayer shall be liable  
15 for a penalty equal to 1/6 of 1% of the tax due from such  
16 taxpayer under this Act during the period to be covered by  
17 the annual return for each month or fraction of a month  
18 until such return is filed as required, the penalty to be  
19 assessed and collected in the same manner as any other  
20 penalty provided for in this Act.

21 (ii) On and after January 1, 1994, the taxpayer shall  
22 be liable for a penalty as described in Section 3-4 of the  
23 Uniform Penalty and Interest Act.

24 The chief executive officer, proprietor, owner or highest  
25 ranking manager shall sign the annual return to certify the  
26 accuracy of the information contained therein. Any person who

1 willfully signs the annual return containing false or  
2 inaccurate information shall be guilty of perjury and punished  
3 accordingly. The annual return form prescribed by the  
4 Department shall include a warning that the person signing the  
5 return may be liable for perjury.

6 The provisions of this Section concerning the filing of an  
7 annual information return do not apply to a retailer who is not  
8 required to file an income tax return with the United States  
9 Government.

10 As soon as possible after the first day of each month, upon  
11 certification of the Department of Revenue, the Comptroller  
12 shall order transferred and the Treasurer shall transfer from  
13 the General Revenue Fund to the Motor Fuel Tax Fund an amount  
14 equal to 1.7% of 80% of the net revenue realized under this Act  
15 for the second preceding month. Beginning April 1, 2000, this  
16 transfer is no longer required and shall not be made.

17 Net revenue realized for a month shall be the revenue  
18 collected by the State pursuant to this Act, less the amount  
19 paid out during that month as refunds to taxpayers for  
20 overpayment of liability.

21 For greater simplicity of administration, manufacturers,  
22 importers and wholesalers whose products are sold at retail in  
23 Illinois by numerous retailers, and who wish to do so, may  
24 assume the responsibility for accounting and paying to the  
25 Department all tax accruing under this Act with respect to such  
26 sales, if the retailers who are affected do not make written

1 objection to the Department to this arrangement.

2 Any person who promotes, organizes, provides retail  
3 selling space for concessionaires or other types of sellers at  
4 the Illinois State Fair, DuQuoin State Fair, county fairs,  
5 local fairs, art shows, flea markets and similar exhibitions or  
6 events, including any transient merchant as defined by Section  
7 2 of the Transient Merchant Act of 1987, is required to file a  
8 report with the Department providing the name of the merchant's  
9 business, the name of the person or persons engaged in  
10 merchant's business, the permanent address and Illinois  
11 Retailers Occupation Tax Registration Number of the merchant,  
12 the dates and location of the event and other reasonable  
13 information that the Department may require. The report must be  
14 filed not later than the 20th day of the month next following  
15 the month during which the event with retail sales was held.  
16 Any person who fails to file a report required by this Section  
17 commits a business offense and is subject to a fine not to  
18 exceed \$250.

19 Any person engaged in the business of selling tangible  
20 personal property at retail as a concessionaire or other type  
21 of seller at the Illinois State Fair, county fairs, art shows,  
22 flea markets and similar exhibitions or events, or any  
23 transient merchants, as defined by Section 2 of the Transient  
24 Merchant Act of 1987, may be required to make a daily report of  
25 the amount of such sales to the Department and to make a daily  
26 payment of the full amount of tax due. The Department shall

1 impose this requirement when it finds that there is a  
2 significant risk of loss of revenue to the State at such an  
3 exhibition or event. Such a finding shall be based on evidence  
4 that a substantial number of concessionaires or other sellers  
5 who are not residents of Illinois will be engaging in the  
6 business of selling tangible personal property at retail at the  
7 exhibition or event, or other evidence of a significant risk of  
8 loss of revenue to the State. The Department shall notify  
9 concessionaires and other sellers affected by the imposition of  
10 this requirement. In the absence of notification by the  
11 Department, the concessionaires and other sellers shall file  
12 their returns as otherwise required in this Section.

13 (Source: P.A. 99-352, eff. 8-12-15; 99-858, eff. 8-19-16;  
14 99-933, eff. 1-27-17; 100-303, eff. 8-24-17.)

15 (Text of Section after amendment by P.A. 100-363)

16 Sec. 3. Except as provided in this Section, on or before  
17 the twentieth day of each calendar month, every person engaged  
18 in the business of selling tangible personal property at retail  
19 in this State during the preceding calendar month shall file a  
20 return with the Department, stating:

21 1. The name of the seller;

22 2. His residence address and the address of his  
23 principal place of business and the address of the  
24 principal place of business (if that is a different  
25 address) from which he engages in the business of selling

1           tangible personal property at retail in this State;

2           3. Total amount of receipts received by him during the  
3 preceding calendar month or quarter, as the case may be,  
4 from sales of tangible personal property, and from services  
5 furnished, by him during such preceding calendar month or  
6 quarter;

7           4. Total amount received by him during the preceding  
8 calendar month or quarter on charge and time sales of  
9 tangible personal property, and from services furnished,  
10 by him prior to the month or quarter for which the return  
11 is filed;

12           5. Deductions allowed by law;

13           6. Gross receipts which were received by him during the  
14 preceding calendar month or quarter and upon the basis of  
15 which the tax is imposed;

16           7. The amount of credit provided in Section 2d of this  
17 Act;

18           8. The amount of tax due;

19           9. The signature of the taxpayer; and

20           10. Such other reasonable information as the  
21 Department may require.

22           On and after January 1, 2018, except for returns for motor  
23 vehicles, watercraft, aircraft, and trailers that are required  
24 to be registered with an agency of this State, with respect to  
25 retailers whose annual gross receipts average \$20,000 or more,  
26 all returns required to be filed pursuant to this Act shall be

1 filed electronically. Retailers who demonstrate that they do  
2 not have access to the Internet or demonstrate hardship in  
3 filing electronically may petition the Department to waive the  
4 electronic filing requirement.

5 If a taxpayer fails to sign a return within 30 days after  
6 the proper notice and demand for signature by the Department,  
7 the return shall be considered valid and any amount shown to be  
8 due on the return shall be deemed assessed.

9 Each return shall be accompanied by the statement of  
10 prepaid tax issued pursuant to Section 2e for which credit is  
11 claimed.

12 Prior to October 1, 2003, and on and after September 1,  
13 2004 and through August 30, 2014, a retailer may accept a  
14 Manufacturer's Purchase Credit certification from a purchaser  
15 in satisfaction of Use Tax as provided in Section 3-85 of the  
16 Use Tax Act if the purchaser provides the appropriate  
17 documentation as required by Section 3-85 of the Use Tax Act. A  
18 Manufacturer's Purchase Credit certification, accepted by a  
19 retailer prior to October 1, 2003 and on and after September 1,  
20 2004 as provided in Section 3-85 of the Use Tax Act, may be  
21 used by that retailer to satisfy Retailers' Occupation Tax  
22 liability in the amount claimed in the certification, not to  
23 exceed 6.25% of the receipts subject to tax from a qualifying  
24 purchase. A Manufacturer's Purchase Credit reported on any  
25 original or amended return filed under this Act after October  
26 20, 2003 for reporting periods prior to September 1, 2004 shall

1 be disallowed. A Manufacturer's Purchaser Credit reported on  
2 any original or amended return filed under this Act after  
3 September 20, 2014 shall be disallowed. Manufacturer's  
4 Purchaser Credit reported on annual returns due on or after  
5 January 1, 2005 will be disallowed for periods prior to  
6 September 1, 2004. A Manufacturer's Purchase Credit reported on  
7 an annual return due on or after January 1, 2015 shall be  
8 disallowed for periods on and after August 31, 2014. No  
9 Manufacturer's Purchase Credit may be used after September 30,  
10 2003 through August 31, 2004, or after September 30, 2014, to  
11 satisfy any tax liability imposed under this Act, including any  
12 audit liability.

13 The Department may require returns to be filed on a  
14 quarterly basis. If so required, a return for each calendar  
15 quarter shall be filed on or before the twentieth day of the  
16 calendar month following the end of such calendar quarter. The  
17 taxpayer shall also file a return with the Department for each  
18 of the first two months of each calendar quarter, on or before  
19 the twentieth day of the following calendar month, stating:

20 1. The name of the seller;

21 2. The address of the principal place of business from  
22 which he engages in the business of selling tangible  
23 personal property at retail in this State;

24 3. The total amount of taxable receipts received by him  
25 during the preceding calendar month from sales of tangible  
26 personal property by him during such preceding calendar

1 month, including receipts from charge and time sales, but  
2 less all deductions allowed by law;

3 4. The amount of credit provided in Section 2d of this  
4 Act;

5 5. The amount of tax due; and

6 6. Such other reasonable information as the Department  
7 may require.

8 Beginning on October 1, 2003, any person who is not a  
9 licensed distributor, importing distributor, or manufacturer,  
10 as defined in the Liquor Control Act of 1934, but is engaged in  
11 the business of selling, at retail, alcoholic liquor shall file  
12 a statement with the Department of Revenue, in a format and at  
13 a time prescribed by the Department, showing the total amount  
14 paid for alcoholic liquor purchased during the preceding month  
15 and such other information as is reasonably required by the  
16 Department. The Department may adopt rules to require that this  
17 statement be filed in an electronic or telephonic format. Such  
18 rules may provide for exceptions from the filing requirements  
19 of this paragraph. For the purposes of this paragraph, the term  
20 "alcoholic liquor" shall have the meaning prescribed in the  
21 Liquor Control Act of 1934.

22 Beginning on October 1, 2003, every distributor, importing  
23 distributor, and manufacturer of alcoholic liquor as defined in  
24 the Liquor Control Act of 1934, shall file a statement with the  
25 Department of Revenue, no later than the 10th day of the month  
26 for the preceding month during which transactions occurred, by



1 electronic means, showing the total amount of gross receipts  
2 from the sale of alcoholic liquor sold or distributed during  
3 the preceding month to purchasers; identifying the purchaser to  
4 whom it was sold or distributed; the purchaser's tax  
5 registration number; and such other information reasonably  
6 required by the Department. A distributor, importing  
7 distributor, or manufacturer of alcoholic liquor must  
8 personally deliver, mail, or provide by electronic means to  
9 each retailer listed on the monthly statement a report  
10 containing a cumulative total of that distributor's, importing  
11 distributor's, or manufacturer's total sales of alcoholic  
12 liquor to that retailer no later than the 10th day of the month  
13 for the preceding month during which the transaction occurred.  
14 The distributor, importing distributor, or manufacturer shall  
15 notify the retailer as to the method by which the distributor,  
16 importing distributor, or manufacturer will provide the sales  
17 information. If the retailer is unable to receive the sales  
18 information by electronic means, the distributor, importing  
19 distributor, or manufacturer shall furnish the sales  
20 information by personal delivery or by mail. For purposes of  
21 this paragraph, the term "electronic means" includes, but is  
22 not limited to, the use of a secure Internet website, e-mail,  
23 or facsimile.

24 If a total amount of less than \$1 is payable, refundable or  
25 creditable, such amount shall be disregarded if it is less than  
26 50 cents and shall be increased to \$1 if it is 50 cents or more.

1           Beginning October 1, 1993, a taxpayer who has an average  
2 monthly tax liability of \$150,000 or more shall make all  
3 payments required by rules of the Department by electronic  
4 funds transfer. Beginning October 1, 1994, a taxpayer who has  
5 an average monthly tax liability of \$100,000 or more shall make  
6 all payments required by rules of the Department by electronic  
7 funds transfer. Beginning October 1, 1995, a taxpayer who has  
8 an average monthly tax liability of \$50,000 or more shall make  
9 all payments required by rules of the Department by electronic  
10 funds transfer. Beginning October 1, 2000, a taxpayer who has  
11 an annual tax liability of \$200,000 or more shall make all  
12 payments required by rules of the Department by electronic  
13 funds transfer. The term "annual tax liability" shall be the  
14 sum of the taxpayer's liabilities under this Act, and under all  
15 other State and local occupation and use tax laws administered  
16 by the Department, for the immediately preceding calendar year.  
17 The term "average monthly tax liability" shall be the sum of  
18 the taxpayer's liabilities under this Act, and under all other  
19 State and local occupation and use tax laws administered by the  
20 Department, for the immediately preceding calendar year  
21 divided by 12. Beginning on October 1, 2002, a taxpayer who has  
22 a tax liability in the amount set forth in subsection (b) of  
23 Section 2505-210 of the Department of Revenue Law shall make  
24 all payments required by rules of the Department by electronic  
25 funds transfer.

26           Before August 1 of each year beginning in 1993, the

1 Department shall notify all taxpayers required to make payments  
2 by electronic funds transfer. All taxpayers required to make  
3 payments by electronic funds transfer shall make those payments  
4 for a minimum of one year beginning on October 1.

5 Any taxpayer not required to make payments by electronic  
6 funds transfer may make payments by electronic funds transfer  
7 with the permission of the Department.

8 All taxpayers required to make payment by electronic funds  
9 transfer and any taxpayers authorized to voluntarily make  
10 payments by electronic funds transfer shall make those payments  
11 in the manner authorized by the Department.

12 The Department shall adopt such rules as are necessary to  
13 effectuate a program of electronic funds transfer and the  
14 requirements of this Section.

15 Any amount which is required to be shown or reported on any  
16 return or other document under this Act shall, if such amount  
17 is not a whole-dollar amount, be increased to the nearest  
18 whole-dollar amount in any case where the fractional part of a  
19 dollar is 50 cents or more, and decreased to the nearest  
20 whole-dollar amount where the fractional part of a dollar is  
21 less than 50 cents.

22 If the retailer is otherwise required to file a monthly  
23 return and if the retailer's average monthly tax liability to  
24 the Department does not exceed \$200, the Department may  
25 authorize his returns to be filed on a quarter annual basis,  
26 with the return for January, February and March of a given year

1 being due by April 20 of such year; with the return for April,  
2 May and June of a given year being due by July 20 of such year;  
3 with the return for July, August and September of a given year  
4 being due by October 20 of such year, and with the return for  
5 October, November and December of a given year being due by  
6 January 20 of the following year.

7 If the retailer is otherwise required to file a monthly or  
8 quarterly return and if the retailer's average monthly tax  
9 liability with the Department does not exceed \$50, the  
10 Department may authorize his returns to be filed on an annual  
11 basis, with the return for a given year being due by January 20  
12 of the following year.

13 Such quarter annual and annual returns, as to form and  
14 substance, shall be subject to the same requirements as monthly  
15 returns.

16 Notwithstanding any other provision in this Act concerning  
17 the time within which a retailer may file his return, in the  
18 case of any retailer who ceases to engage in a kind of business  
19 which makes him responsible for filing returns under this Act,  
20 such retailer shall file a final return under this Act with the  
21 Department not more than one month after discontinuing such  
22 business.

23 Where the same person has more than one business registered  
24 with the Department under separate registrations under this  
25 Act, such person may not file each return that is due as a  
26 single return covering all such registered businesses, but

1 shall file separate returns for each such registered business.

2 In addition, with respect to motor vehicles, watercraft,  
3 aircraft, and trailers that are required to be registered with  
4 an agency of this State, every retailer selling this kind of  
5 tangible personal property shall file, with the Department,  
6 upon a form to be prescribed and supplied by the Department, a  
7 separate return for each such item of tangible personal  
8 property which the retailer sells, except that if, in the same  
9 transaction, (i) a retailer of aircraft, watercraft, motor  
10 vehicles or trailers transfers more than one aircraft,  
11 watercraft, motor vehicle or trailer to another aircraft,  
12 watercraft, motor vehicle retailer or trailer retailer for the  
13 purpose of resale or (ii) a retailer of aircraft, watercraft,  
14 motor vehicles, or trailers transfers more than one aircraft,  
15 watercraft, motor vehicle, or trailer to a purchaser for use as  
16 a qualifying rolling stock as provided in Section 2-5 of this  
17 Act, then that seller may report the transfer of all aircraft,  
18 watercraft, motor vehicles or trailers involved in that  
19 transaction to the Department on the same uniform  
20 invoice-transaction reporting return form. For purposes of  
21 this Section, "watercraft" means a Class 2, Class 3, or Class 4  
22 watercraft as defined in Section 3-2 of the Boat Registration  
23 and Safety Act, a personal watercraft, or any boat equipped  
24 with an inboard motor.

25 Any retailer who sells only motor vehicles, watercraft,  
26 aircraft, or trailers that are required to be registered with

1 an agency of this State, so that all retailers' occupation tax  
2 liability is required to be reported, and is reported, on such  
3 transaction reporting returns and who is not otherwise required  
4 to file monthly or quarterly returns, need not file monthly or  
5 quarterly returns. However, those retailers shall be required  
6 to file returns on an annual basis.

7 The transaction reporting return, in the case of motor  
8 vehicles or trailers that are required to be registered with an  
9 agency of this State, shall be the same document as the Uniform  
10 Invoice referred to in Section 5-402 of The Illinois Vehicle  
11 Code and must show the name and address of the seller; the name  
12 and address of the purchaser; the amount of the selling price  
13 including the amount allowed by the retailer for traded-in  
14 property, if any; the amount allowed by the retailer for the  
15 traded-in tangible personal property, if any, to the extent to  
16 which Section 1 of this Act allows an exemption for the value  
17 of traded-in property; the balance payable after deducting such  
18 trade-in allowance from the total selling price; the amount of  
19 tax due from the retailer with respect to such transaction; the  
20 amount of tax collected from the purchaser by the retailer on  
21 such transaction (or satisfactory evidence that such tax is not  
22 due in that particular instance, if that is claimed to be the  
23 fact); the place and date of the sale; a sufficient  
24 identification of the property sold; such other information as  
25 is required in Section 5-402 of The Illinois Vehicle Code, and  
26 such other information as the Department may reasonably

1 require.

2 The transaction reporting return in the case of watercraft  
3 or aircraft must show the name and address of the seller; the  
4 name and address of the purchaser; the amount of the selling  
5 price including the amount allowed by the retailer for  
6 traded-in property, if any; the amount allowed by the retailer  
7 for the traded-in tangible personal property, if any, to the  
8 extent to which Section 1 of this Act allows an exemption for  
9 the value of traded-in property; the balance payable after  
10 deducting such trade-in allowance from the total selling price;  
11 the amount of tax due from the retailer with respect to such  
12 transaction; the amount of tax collected from the purchaser by  
13 the retailer on such transaction (or satisfactory evidence that  
14 such tax is not due in that particular instance, if that is  
15 claimed to be the fact); the place and date of the sale, a  
16 sufficient identification of the property sold, and such other  
17 information as the Department may reasonably require.

18 Such transaction reporting return shall be filed not later  
19 than 20 days after the day of delivery of the item that is  
20 being sold, but may be filed by the retailer at any time sooner  
21 than that if he chooses to do so. The transaction reporting  
22 return and tax remittance or proof of exemption from the  
23 Illinois use tax may be transmitted to the Department by way of  
24 the State agency with which, or State officer with whom the  
25 tangible personal property must be titled or registered (if  
26 titling or registration is required) if the Department and such

1 agency or State officer determine that this procedure will  
2 expedite the processing of applications for title or  
3 registration.

4 With each such transaction reporting return, the retailer  
5 shall remit the proper amount of tax due (or shall submit  
6 satisfactory evidence that the sale is not taxable if that is  
7 the case), to the Department or its agents, whereupon the  
8 Department shall issue, in the purchaser's name, a use tax  
9 receipt (or a certificate of exemption if the Department is  
10 satisfied that the particular sale is tax exempt) which such  
11 purchaser may submit to the agency with which, or State officer  
12 with whom, he must title or register the tangible personal  
13 property that is involved (if titling or registration is  
14 required) in support of such purchaser's application for an  
15 Illinois certificate or other evidence of title or registration  
16 to such tangible personal property.

17 No retailer's failure or refusal to remit tax under this  
18 Act precludes a user, who has paid the proper tax to the  
19 retailer, from obtaining his certificate of title or other  
20 evidence of title or registration (if titling or registration  
21 is required) upon satisfying the Department that such user has  
22 paid the proper tax (if tax is due) to the retailer. The  
23 Department shall adopt appropriate rules to carry out the  
24 mandate of this paragraph.

25 If the user who would otherwise pay tax to the retailer  
26 wants the transaction reporting return filed and the payment of



1 the tax or proof of exemption made to the Department before the  
2 retailer is willing to take these actions and such user has not  
3 paid the tax to the retailer, such user may certify to the fact  
4 of such delay by the retailer and may (upon the Department  
5 being satisfied of the truth of such certification) transmit  
6 the information required by the transaction reporting return  
7 and the remittance for tax or proof of exemption directly to  
8 the Department and obtain his tax receipt or exemption  
9 determination, in which event the transaction reporting return  
10 and tax remittance (if a tax payment was required) shall be  
11 credited by the Department to the proper retailer's account  
12 with the Department, but without the 2.1% or 1.75% discount  
13 provided for in this Section being allowed. When the user pays  
14 the tax directly to the Department, he shall pay the tax in the  
15 same amount and in the same form in which it would be remitted  
16 if the tax had been remitted to the Department by the retailer.

17 Refunds made by the seller during the preceding return  
18 period to purchasers, on account of tangible personal property  
19 returned to the seller, shall be allowed as a deduction under  
20 subdivision 5 of his monthly or quarterly return, as the case  
21 may be, in case the seller had theretofore included the  
22 receipts from the sale of such tangible personal property in a  
23 return filed by him and had paid the tax imposed by this Act  
24 with respect to such receipts.

25 Where the seller is a corporation, the return filed on  
26 behalf of such corporation shall be signed by the president,

1 vice-president, secretary or treasurer or by the properly  
2 accredited agent of such corporation.

3 Where the seller is a limited liability company, the return  
4 filed on behalf of the limited liability company shall be  
5 signed by a manager, member, or properly accredited agent of  
6 the limited liability company.

7 Except as provided in this Section, the retailer filing the  
8 return under this Section shall, at the time of filing such  
9 return, pay to the Department the amount of tax imposed by this  
10 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%  
11 on and after January 1, 1990, or \$5 per calendar year,  
12 whichever is greater, which is allowed to reimburse the  
13 retailer for the expenses incurred in keeping records,  
14 preparing and filing returns, remitting the tax and supplying  
15 data to the Department on request. Any prepayment made pursuant  
16 to Section 2d of this Act shall be included in the amount on  
17 which such 2.1% or 1.75% discount is computed. In the case of  
18 retailers who report and pay the tax on a transaction by  
19 transaction basis, as provided in this Section, such discount  
20 shall be taken with each such tax remittance instead of when  
21 such retailer files his periodic return. The discount allowed  
22 under this Section is allowed only for returns that are filed  
23 in the manner required by this Act. The Department may disallow  
24 the discount for retailers whose certificate of registration is  
25 revoked at the time the return is filed, but only if the  
26 Department's decision to revoke the certificate of

1 registration has become final.

2 Before October 1, 2000, if the taxpayer's average monthly  
3 tax liability to the Department under this Act, the Use Tax  
4 Act, the Service Occupation Tax Act, and the Service Use Tax  
5 Act, excluding any liability for prepaid sales tax to be  
6 remitted in accordance with Section 2d of this Act, was \$10,000  
7 or more during the preceding 4 complete calendar quarters, he  
8 shall file a return with the Department each month by the 20th  
9 day of the month next following the month during which such tax  
10 liability is incurred and shall make payments to the Department  
11 on or before the 7th, 15th, 22nd and last day of the month  
12 during which such liability is incurred. On and after October  
13 1, 2000, if the taxpayer's average monthly tax liability to the  
14 Department under this Act, the Use Tax Act, the Service  
15 Occupation Tax Act, and the Service Use Tax Act, excluding any  
16 liability for prepaid sales tax to be remitted in accordance  
17 with Section 2d of this Act, was \$20,000 or more during the  
18 preceding 4 complete calendar quarters, he shall file a return  
19 with the Department each month by the 20th day of the month  
20 next following the month during which such tax liability is  
21 incurred and shall make payment to the Department on or before  
22 the 7th, 15th, 22nd and last day of the month during which such  
23 liability is incurred. If the month during which such tax  
24 liability is incurred began prior to January 1, 1985, each  
25 payment shall be in an amount equal to 1/4 of the taxpayer's  
26 actual liability for the month or an amount set by the

1 Department not to exceed 1/4 of the average monthly liability  
2 of the taxpayer to the Department for the preceding 4 complete  
3 calendar quarters (excluding the month of highest liability and  
4 the month of lowest liability in such 4 quarter period). If the  
5 month during which such tax liability is incurred begins on or  
6 after January 1, 1985 and prior to January 1, 1987, each  
7 payment shall be in an amount equal to 22.5% of the taxpayer's  
8 actual liability for the month or 27.5% of the taxpayer's  
9 liability for the same calendar month of the preceding year. If  
10 the month during which such tax liability is incurred begins on  
11 or after January 1, 1987 and prior to January 1, 1988, each  
12 payment shall be in an amount equal to 22.5% of the taxpayer's  
13 actual liability for the month or 26.25% of the taxpayer's  
14 liability for the same calendar month of the preceding year. If  
15 the month during which such tax liability is incurred begins on  
16 or after January 1, 1988, and prior to January 1, 1989, or  
17 begins on or after January 1, 1996, each payment shall be in an  
18 amount equal to 22.5% of the taxpayer's actual liability for  
19 the month or 25% of the taxpayer's liability for the same  
20 calendar month of the preceding year. If the month during which  
21 such tax liability is incurred begins on or after January 1,  
22 1989, and prior to January 1, 1996, each payment shall be in an  
23 amount equal to 22.5% of the taxpayer's actual liability for  
24 the month or 25% of the taxpayer's liability for the same  
25 calendar month of the preceding year or 100% of the taxpayer's  
26 actual liability for the quarter monthly reporting period. The

1 amount of such quarter monthly payments shall be credited  
2 against the final tax liability of the taxpayer's return for  
3 that month. Before October 1, 2000, once applicable, the  
4 requirement of the making of quarter monthly payments to the  
5 Department by taxpayers having an average monthly tax liability  
6 of \$10,000 or more as determined in the manner provided above  
7 shall continue until such taxpayer's average monthly liability  
8 to the Department during the preceding 4 complete calendar  
9 quarters (excluding the month of highest liability and the  
10 month of lowest liability) is less than \$9,000, or until such  
11 taxpayer's average monthly liability to the Department as  
12 computed for each calendar quarter of the 4 preceding complete  
13 calendar quarter period is less than \$10,000. However, if a  
14 taxpayer can show the Department that a substantial change in  
15 the taxpayer's business has occurred which causes the taxpayer  
16 to anticipate that his average monthly tax liability for the  
17 reasonably foreseeable future will fall below the \$10,000  
18 threshold stated above, then such taxpayer may petition the  
19 Department for a change in such taxpayer's reporting status. On  
20 and after October 1, 2000, once applicable, the requirement of  
21 the making of quarter monthly payments to the Department by  
22 taxpayers having an average monthly tax liability of \$20,000 or  
23 more as determined in the manner provided above shall continue  
24 until such taxpayer's average monthly liability to the  
25 Department during the preceding 4 complete calendar quarters  
26 (excluding the month of highest liability and the month of

1 lowest liability) is less than \$19,000 or until such taxpayer's  
2 average monthly liability to the Department as computed for  
3 each calendar quarter of the 4 preceding complete calendar  
4 quarter period is less than \$20,000. However, if a taxpayer can  
5 show the Department that a substantial change in the taxpayer's  
6 business has occurred which causes the taxpayer to anticipate  
7 that his average monthly tax liability for the reasonably  
8 foreseeable future will fall below the \$20,000 threshold stated  
9 above, then such taxpayer may petition the Department for a  
10 change in such taxpayer's reporting status. The Department  
11 shall change such taxpayer's reporting status unless it finds  
12 that such change is seasonal in nature and not likely to be  
13 long term. If any such quarter monthly payment is not paid at  
14 the time or in the amount required by this Section, then the  
15 taxpayer shall be liable for penalties and interest on the  
16 difference between the minimum amount due as a payment and the  
17 amount of such quarter monthly payment actually and timely  
18 paid, except insofar as the taxpayer has previously made  
19 payments for that month to the Department in excess of the  
20 minimum payments previously due as provided in this Section.  
21 The Department shall make reasonable rules and regulations to  
22 govern the quarter monthly payment amount and quarter monthly  
23 payment dates for taxpayers who file on other than a calendar  
24 monthly basis.

25 The provisions of this paragraph apply before October 1,  
26 2001. Without regard to whether a taxpayer is required to make

1 quarter monthly payments as specified above, any taxpayer who  
2 is required by Section 2d of this Act to collect and remit  
3 prepaid taxes and has collected prepaid taxes which average in  
4 excess of \$25,000 per month during the preceding 2 complete  
5 calendar quarters, shall file a return with the Department as  
6 required by Section 2f and shall make payments to the  
7 Department on or before the 7th, 15th, 22nd and last day of the  
8 month during which such liability is incurred. If the month  
9 during which such tax liability is incurred began prior to  
10 September 1, 1985 (the effective date of Public Act 84-221),  
11 each payment shall be in an amount not less than 22.5% of the  
12 taxpayer's actual liability under Section 2d. If the month  
13 during which such tax liability is incurred begins on or after  
14 January 1, 1986, each payment shall be in an amount equal to  
15 22.5% of the taxpayer's actual liability for the month or 27.5%  
16 of the taxpayer's liability for the same calendar month of the  
17 preceding calendar year. If the month during which such tax  
18 liability is incurred begins on or after January 1, 1987, each  
19 payment shall be in an amount equal to 22.5% of the taxpayer's  
20 actual liability for the month or 26.25% of the taxpayer's  
21 liability for the same calendar month of the preceding year.  
22 The amount of such quarter monthly payments shall be credited  
23 against the final tax liability of the taxpayer's return for  
24 that month filed under this Section or Section 2f, as the case  
25 may be. Once applicable, the requirement of the making of  
26 quarter monthly payments to the Department pursuant to this

1 paragraph shall continue until such taxpayer's average monthly  
2 prepaid tax collections during the preceding 2 complete  
3 calendar quarters is \$25,000 or less. If any such quarter  
4 monthly payment is not paid at the time or in the amount  
5 required, the taxpayer shall be liable for penalties and  
6 interest on such difference, except insofar as the taxpayer has  
7 previously made payments for that month in excess of the  
8 minimum payments previously due.

9 The provisions of this paragraph apply on and after October  
10 1, 2001. Without regard to whether a taxpayer is required to  
11 make quarter monthly payments as specified above, any taxpayer  
12 who is required by Section 2d of this Act to collect and remit  
13 prepaid taxes and has collected prepaid taxes that average in  
14 excess of \$20,000 per month during the preceding 4 complete  
15 calendar quarters shall file a return with the Department as  
16 required by Section 2f and shall make payments to the  
17 Department on or before the 7th, 15th, 22nd and last day of the  
18 month during which the liability is incurred. Each payment  
19 shall be in an amount equal to 22.5% of the taxpayer's actual  
20 liability for the month or 25% of the taxpayer's liability for  
21 the same calendar month of the preceding year. The amount of  
22 the quarter monthly payments shall be credited against the  
23 final tax liability of the taxpayer's return for that month  
24 filed under this Section or Section 2f, as the case may be.  
25 Once applicable, the requirement of the making of quarter  
26 monthly payments to the Department pursuant to this paragraph



1 shall continue until the taxpayer's average monthly prepaid tax  
2 collections during the preceding 4 complete calendar quarters  
3 (excluding the month of highest liability and the month of  
4 lowest liability) is less than \$19,000 or until such taxpayer's  
5 average monthly liability to the Department as computed for  
6 each calendar quarter of the 4 preceding complete calendar  
7 quarters is less than \$20,000. If any such quarter monthly  
8 payment is not paid at the time or in the amount required, the  
9 taxpayer shall be liable for penalties and interest on such  
10 difference, except insofar as the taxpayer has previously made  
11 payments for that month in excess of the minimum payments  
12 previously due.

13 If any payment provided for in this Section exceeds the  
14 taxpayer's liabilities under this Act, the Use Tax Act, the  
15 Service Occupation Tax Act and the Service Use Tax Act, as  
16 shown on an original monthly return, the Department shall, if  
17 requested by the taxpayer, issue to the taxpayer a credit  
18 memorandum no later than 30 days after the date of payment. The  
19 credit evidenced by such credit memorandum may be assigned by  
20 the taxpayer to a similar taxpayer under this Act, the Use Tax  
21 Act, the Service Occupation Tax Act or the Service Use Tax Act,  
22 in accordance with reasonable rules and regulations to be  
23 prescribed by the Department. If no such request is made, the  
24 taxpayer may credit such excess payment against tax liability  
25 subsequently to be remitted to the Department under this Act,  
26 the Use Tax Act, the Service Occupation Tax Act or the Service

1 Use Tax Act, in accordance with reasonable rules and  
2 regulations prescribed by the Department. If the Department  
3 subsequently determined that all or any part of the credit  
4 taken was not actually due to the taxpayer, the taxpayer's 2.1%  
5 and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%  
6 of the difference between the credit taken and that actually  
7 due, and that taxpayer shall be liable for penalties and  
8 interest on such difference.

9 If a retailer of motor fuel is entitled to a credit under  
10 Section 2d of this Act which exceeds the taxpayer's liability  
11 to the Department under this Act for the month which the  
12 taxpayer is filing a return, the Department shall issue the  
13 taxpayer a credit memorandum for the excess.

14 Beginning January 1, 1990, each month the Department shall  
15 pay into the Local Government Tax Fund, a special fund in the  
16 State treasury which is hereby created, the net revenue  
17 realized for the preceding month from the 1% tax on sales of  
18 food for human consumption which is to be consumed off the  
19 premises where it is sold (other than alcoholic beverages, soft  
20 drinks and food which has been prepared for immediate  
21 consumption) and prescription and nonprescription medicines,  
22 drugs, medical appliances, products classified as Class III  
23 medical devices by the United States Food and Drug  
24 Administration that are used for cancer treatment pursuant to a  
25 prescription, as well as any accessories and components related  
26 to those devices, and insulin, urine testing materials,

1 syringes and needles used by diabetics.

2 Beginning January 1, 1990, each month the Department shall  
3 pay into the County and Mass Transit District Fund, a special  
4 fund in the State treasury which is hereby created, 4% of the  
5 net revenue realized for the preceding month from the 6.25%  
6 general rate.

7 Beginning August 1, 2000, each month the Department shall  
8 pay into the County and Mass Transit District Fund 20% of the  
9 net revenue realized for the preceding month from the 1.25%  
10 rate on the selling price of motor fuel and gasohol. Beginning  
11 September 1, 2010, each month the Department shall pay into the  
12 County and Mass Transit District Fund 20% of the net revenue  
13 realized for the preceding month from the 1.25% rate on the  
14 selling price of sales tax holiday items.

15 Beginning January 1, 1990, each month the Department shall  
16 pay into the Local Government Tax Fund 16% of the net revenue  
17 realized for the preceding month from the 6.25% general rate on  
18 the selling price of tangible personal property.

19 Beginning August 1, 2000, each month the Department shall  
20 pay into the Local Government Tax Fund 80% of the net revenue  
21 realized for the preceding month from the 1.25% rate on the  
22 selling price of motor fuel and gasohol. Beginning September 1,  
23 2010, each month the Department shall pay into the Local  
24 Government Tax Fund 80% of the net revenue realized for the  
25 preceding month from the 1.25% rate on the selling price of  
26 sales tax holiday items.

1           Beginning October 1, 2009, each month the Department shall  
2 pay into the Capital Projects Fund an amount that is equal to  
3 an amount estimated by the Department to represent 80% of the  
4 net revenue realized for the preceding month from the sale of  
5 candy, grooming and hygiene products, and soft drinks that had  
6 been taxed at a rate of 1% prior to September 1, 2009 but that  
7 are now taxed at 6.25%.

8           Beginning July 1, 2011, each month the Department shall pay  
9 into the Clean Air Act Permit Fund 80% of the net revenue  
10 realized for the preceding month from the 6.25% general rate on  
11 the selling price of sorbents used in Illinois in the process  
12 of sorbent injection as used to comply with the Environmental  
13 Protection Act or the federal Clean Air Act, but the total  
14 payment into the Clean Air Act Permit Fund under this Act and  
15 the Use Tax Act shall not exceed \$2,000,000 in any fiscal year.

16           Beginning July 1, 2013, each month the Department shall pay  
17 into the Underground Storage Tank Fund from the proceeds  
18 collected under this Act, the Use Tax Act, the Service Use Tax  
19 Act, and the Service Occupation Tax Act an amount equal to the  
20 average monthly deficit in the Underground Storage Tank Fund  
21 during the prior year, as certified annually by the Illinois  
22 Environmental Protection Agency, but the total payment into the  
23 Underground Storage Tank Fund under this Act, the Use Tax Act,  
24 the Service Use Tax Act, and the Service Occupation Tax Act  
25 shall not exceed \$18,000,000 in any State fiscal year. As used  
26 in this paragraph, the "average monthly deficit" shall be equal

1 to the difference between the average monthly claims for  
2 payment by the fund and the average monthly revenues deposited  
3 into the fund, excluding payments made pursuant to this  
4 paragraph.

5 Beginning July 1, 2015, of the remainder of the moneys  
6 received by the Department under the Use Tax Act, the Service  
7 Use Tax Act, the Service Occupation Tax Act, and this Act, each  
8 month the Department shall deposit \$500,000 into the State  
9 Crime Laboratory Fund.

10 Of the remainder of the moneys received by the Department  
11 pursuant to this Act, (a) 1.75% thereof shall be paid into the  
12 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on  
13 and after July 1, 1989, 3.8% thereof shall be paid into the  
14 Build Illinois Fund; provided, however, that if in any fiscal  
15 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case  
16 may be, of the moneys received by the Department and required  
17 to be paid into the Build Illinois Fund pursuant to this Act,  
18 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax  
19 Act, and Section 9 of the Service Occupation Tax Act, such Acts  
20 being hereinafter called the "Tax Acts" and such aggregate of  
21 2.2% or 3.8%, as the case may be, of moneys being hereinafter  
22 called the "Tax Act Amount", and (2) the amount transferred to  
23 the Build Illinois Fund from the State and Local Sales Tax  
24 Reform Fund shall be less than the Annual Specified Amount (as  
25 hereinafter defined), an amount equal to the difference shall  
26 be immediately paid into the Build Illinois Fund from other

1 moneys received by the Department pursuant to the Tax Acts; the  
2 "Annual Specified Amount" means the amounts specified below for  
3 fiscal years 1986 through 1993:

4	Fiscal Year	Annual Specified Amount
5	1986	\$54,800,000
6	1987	\$76,650,000
7	1988	\$80,480,000
8	1989	\$88,510,000
9	1990	\$115,330,000
10	1991	\$145,470,000
11	1992	\$182,730,000
12	1993	\$206,520,000;

13 and means the Certified Annual Debt Service Requirement (as  
14 defined in Section 13 of the Build Illinois Bond Act) or the  
15 Tax Act Amount, whichever is greater, for fiscal year 1994 and  
16 each fiscal year thereafter; and further provided, that if on  
17 the last business day of any month the sum of (1) the Tax Act  
18 Amount required to be deposited into the Build Illinois Bond  
19 Account in the Build Illinois Fund during such month and (2)  
20 the amount transferred to the Build Illinois Fund from the  
21 State and Local Sales Tax Reform Fund shall have been less than  
22 1/12 of the Annual Specified Amount, an amount equal to the  
23 difference shall be immediately paid into the Build Illinois  
24 Fund from other moneys received by the Department pursuant to  
25 the Tax Acts; and, further provided, that in no event shall the  
26 payments required under the preceding proviso result in

1 aggregate payments into the Build Illinois Fund pursuant to  
2 this clause (b) for any fiscal year in excess of the greater of  
3 (i) the Tax Act Amount or (ii) the Annual Specified Amount for  
4 such fiscal year. The amounts payable into the Build Illinois  
5 Fund under clause (b) of the first sentence in this paragraph  
6 shall be payable only until such time as the aggregate amount  
7 on deposit under each trust indenture securing Bonds issued and  
8 outstanding pursuant to the Build Illinois Bond Act is  
9 sufficient, taking into account any future investment income,  
10 to fully provide, in accordance with such indenture, for the  
11 defeasance of or the payment of the principal of, premium, if  
12 any, and interest on the Bonds secured by such indenture and on  
13 any Bonds expected to be issued thereafter and all fees and  
14 costs payable with respect thereto, all as certified by the  
15 Director of the Bureau of the Budget (now Governor's Office of  
16 Management and Budget). If on the last business day of any  
17 month in which Bonds are outstanding pursuant to the Build  
18 Illinois Bond Act, the aggregate of moneys deposited in the  
19 Build Illinois Bond Account in the Build Illinois Fund in such  
20 month shall be less than the amount required to be transferred  
21 in such month from the Build Illinois Bond Account to the Build  
22 Illinois Bond Retirement and Interest Fund pursuant to Section  
23 13 of the Build Illinois Bond Act, an amount equal to such  
24 deficiency shall be immediately paid from other moneys received  
25 by the Department pursuant to the Tax Acts to the Build  
26 Illinois Fund; provided, however, that any amounts paid to the

1 Build Illinois Fund in any fiscal year pursuant to this  
 2 sentence shall be deemed to constitute payments pursuant to  
 3 clause (b) of the first sentence of this paragraph and shall  
 4 reduce the amount otherwise payable for such fiscal year  
 5 pursuant to that clause (b). The moneys received by the  
 6 Department pursuant to this Act and required to be deposited  
 7 into the Build Illinois Fund are subject to the pledge, claim  
 8 and charge set forth in Section 12 of the Build Illinois Bond  
 9 Act.

10 Subject to payment of amounts into the Build Illinois Fund  
 11 as provided in the preceding paragraph or in any amendment  
 12 thereto hereafter enacted, the following specified monthly  
 13 installment of the amount requested in the certificate of the  
 14 Chairman of the Metropolitan Pier and Exposition Authority  
 15 provided under Section 8.25f of the State Finance Act, but not  
 16 in excess of sums designated as "Total Deposit", shall be  
 17 deposited in the aggregate from collections under Section 9 of  
 18 the Use Tax Act, Section 9 of the Service Use Tax Act, Section  
 19 9 of the Service Occupation Tax Act, and Section 3 of the  
 20 Retailers' Occupation Tax Act into the McCormick Place  
 21 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
23	1993	\$0
24	1994	53,000,000
25	1995	58,000,000



1	1996	61,000,000
2	1997	64,000,000
3	1998	68,000,000
4	1999	71,000,000
5	2000	75,000,000
6	2001	80,000,000
7	2002	93,000,000
8	2003	99,000,000
9	2004	103,000,000
10	2005	108,000,000
11	2006	113,000,000
12	2007	119,000,000
13	2008	126,000,000
14	2009	132,000,000
15	2010	139,000,000
16	2011	146,000,000
17	2012	153,000,000
18	2013	161,000,000
19	2014	170,000,000
20	2015	179,000,000
21	2016	189,000,000
22	2017	199,000,000
23	2018	210,000,000
24	2019	221,000,000
25	2020	233,000,000
26	2021	246,000,000

1	2022	260,000,000
2	2023	275,000,000
3	2024	275,000,000
4	2025	275,000,000
5	2026	279,000,000
6	2027	292,000,000
7	2028	307,000,000
8	2029	322,000,000
9	2030	338,000,000
10	2031	350,000,000
11	2032	350,000,000

12                   and  
13                   each fiscal year  
14                   thereafter that bonds  
15                   are outstanding under  
16                   Section 13.2 of the  
17                   Metropolitan Pier and  
18                   Exposition Authority Act,  
19                   but not after fiscal year 2060.

20                   Beginning July 20, 1993 and in each month of each fiscal  
21                   year thereafter, one-eighth of the amount requested in the  
22                   certificate of the Chairman of the Metropolitan Pier and  
23                   Exposition Authority for that fiscal year, less the amount  
24                   deposited into the McCormick Place Expansion Project Fund by  
25                   the State Treasurer in the respective month under subsection  
26                   (g) of Section 13 of the Metropolitan Pier and Exposition

1 Authority Act, plus cumulative deficiencies in the deposits  
2 required under this Section for previous months and years,  
3 shall be deposited into the McCormick Place Expansion Project  
4 Fund, until the full amount requested for the fiscal year, but  
5 not in excess of the amount specified above as "Total Deposit",  
6 has been deposited.

7 Subject to payment of amounts into the Build Illinois Fund  
8 and the McCormick Place Expansion Project Fund pursuant to the  
9 preceding paragraphs or in any amendments thereto hereafter  
10 enacted, beginning July 1, 1993 and ending on September 30,  
11 2013, the Department shall each month pay into the Illinois Tax  
12 Increment Fund 0.27% of 80% of the net revenue realized for the  
13 preceding month from the 6.25% general rate on the selling  
14 price of tangible personal property.

15 Subject to payment of amounts into the Build Illinois Fund  
16 and the McCormick Place Expansion Project Fund pursuant to the  
17 preceding paragraphs or in any amendments thereto hereafter  
18 enacted, beginning with the receipt of the first report of  
19 taxes paid by an eligible business and continuing for a 25-year  
20 period, the Department shall each month pay into the Energy  
21 Infrastructure Fund 80% of the net revenue realized from the  
22 6.25% general rate on the selling price of Illinois-mined coal  
23 that was sold to an eligible business. For purposes of this  
24 paragraph, the term "eligible business" means a new electric  
25 generating facility certified pursuant to Section 605-332 of  
26 the Department of Commerce and Economic Opportunity Law of the

1 Civil Administrative Code of Illinois.

2 Subject to payment of amounts into the Build Illinois Fund,  
3 the McCormick Place Expansion Project Fund, the Illinois Tax  
4 Increment Fund, and the Energy Infrastructure Fund pursuant to  
5 the preceding paragraphs or in any amendments to this Section  
6 hereafter enacted, beginning on the first day of the first  
7 calendar month to occur on or after August 26, 2014 (the  
8 effective date of Public Act 98-1098), each month, from the  
9 collections made under Section 9 of the Use Tax Act, Section 9  
10 of the Service Use Tax Act, Section 9 of the Service Occupation  
11 Tax Act, and Section 3 of the Retailers' Occupation Tax Act,  
12 the Department shall pay into the Tax Compliance and  
13 Administration Fund, to be used, subject to appropriation, to  
14 fund additional auditors and compliance personnel at the  
15 Department of Revenue, an amount equal to 1/12 of 5% of 80% of  
16 the cash receipts collected during the preceding fiscal year by  
17 the Audit Bureau of the Department under the Use Tax Act, the  
18 Service Use Tax Act, the Service Occupation Tax Act, the  
19 Retailers' Occupation Tax Act, and associated local occupation  
20 and use taxes administered by the Department.

21 Subject to payments of amounts into the Build Illinois  
22 Fund, the McCormick Place Expansion Project Fund, the Illinois  
23 Tax Increment Fund, the Energy Infrastructure Fund, and the Tax  
24 Compliance and Administration Fund as provided in this Section,  
25 beginning on July 1, 2018 the Department shall pay each month  
26 into the Downstate Public Transportation Fund the moneys

1 required to be so paid under Section 2-3 of the Downstate  
2 Public Transportation Act.

3 Of the remainder of the moneys received by the Department  
4 pursuant to this Act, 75% thereof shall be paid into the State  
5 Treasury and 25% shall be reserved in a special account and  
6 used only for the transfer to the Common School Fund as part of  
7 the monthly transfer from the General Revenue Fund in  
8 accordance with Section 8a of the State Finance Act.

9 The Department may, upon separate written notice to a  
10 taxpayer, require the taxpayer to prepare and file with the  
11 Department on a form prescribed by the Department within not  
12 less than 60 days after receipt of the notice an annual  
13 information return for the tax year specified in the notice.  
14 Such annual return to the Department shall include a statement  
15 of gross receipts as shown by the retailer's last Federal  
16 income tax return. If the total receipts of the business as  
17 reported in the Federal income tax return do not agree with the  
18 gross receipts reported to the Department of Revenue for the  
19 same period, the retailer shall attach to his annual return a  
20 schedule showing a reconciliation of the 2 amounts and the  
21 reasons for the difference. The retailer's annual return to the  
22 Department shall also disclose the cost of goods sold by the  
23 retailer during the year covered by such return, opening and  
24 closing inventories of such goods for such year, costs of goods  
25 used from stock or taken from stock and given away by the  
26 retailer during such year, payroll information of the

1 retailer's business during such year and any additional  
2 reasonable information which the Department deems would be  
3 helpful in determining the accuracy of the monthly, quarterly  
4 or annual returns filed by such retailer as provided for in  
5 this Section.

6 If the annual information return required by this Section  
7 is not filed when and as required, the taxpayer shall be liable  
8 as follows:

9 (i) Until January 1, 1994, the taxpayer shall be liable  
10 for a penalty equal to 1/6 of 1% of the tax due from such  
11 taxpayer under this Act during the period to be covered by  
12 the annual return for each month or fraction of a month  
13 until such return is filed as required, the penalty to be  
14 assessed and collected in the same manner as any other  
15 penalty provided for in this Act.

16 (ii) On and after January 1, 1994, the taxpayer shall  
17 be liable for a penalty as described in Section 3-4 of the  
18 Uniform Penalty and Interest Act.

19 The chief executive officer, proprietor, owner or highest  
20 ranking manager shall sign the annual return to certify the  
21 accuracy of the information contained therein. Any person who  
22 willfully signs the annual return containing false or  
23 inaccurate information shall be guilty of perjury and punished  
24 accordingly. The annual return form prescribed by the  
25 Department shall include a warning that the person signing the  
26 return may be liable for perjury.

1           The provisions of this Section concerning the filing of an  
2 annual information return do not apply to a retailer who is not  
3 required to file an income tax return with the United States  
4 Government.

5           As soon as possible after the first day of each month, upon  
6 certification of the Department of Revenue, the Comptroller  
7 shall order transferred and the Treasurer shall transfer from  
8 the General Revenue Fund to the Motor Fuel Tax Fund an amount  
9 equal to 1.7% of 80% of the net revenue realized under this Act  
10 for the second preceding month. Beginning April 1, 2000, this  
11 transfer is no longer required and shall not be made.

12           Net revenue realized for a month shall be the revenue  
13 collected by the State pursuant to this Act, less the amount  
14 paid out during that month as refunds to taxpayers for  
15 overpayment of liability.

16           For greater simplicity of administration, manufacturers,  
17 importers and wholesalers whose products are sold at retail in  
18 Illinois by numerous retailers, and who wish to do so, may  
19 assume the responsibility for accounting and paying to the  
20 Department all tax accruing under this Act with respect to such  
21 sales, if the retailers who are affected do not make written  
22 objection to the Department to this arrangement.

23           Any person who promotes, organizes, provides retail  
24 selling space for concessionaires or other types of sellers at  
25 the Illinois State Fair, DuQuoin State Fair, county fairs,  
26 local fairs, art shows, flea markets and similar exhibitions or

1 events, including any transient merchant as defined by Section  
2 of the Transient Merchant Act of 1987, is required to file a  
3 report with the Department providing the name of the merchant's  
4 business, the name of the person or persons engaged in  
5 merchant's business, the permanent address and Illinois  
6 Retailers Occupation Tax Registration Number of the merchant,  
7 the dates and location of the event and other reasonable  
8 information that the Department may require. The report must be  
9 filed not later than the 20th day of the month next following  
10 the month during which the event with retail sales was held.  
11 Any person who fails to file a report required by this Section  
12 commits a business offense and is subject to a fine not to  
13 exceed \$250.

14 Any person engaged in the business of selling tangible  
15 personal property at retail as a concessionaire or other type  
16 of seller at the Illinois State Fair, county fairs, art shows,  
17 flea markets and similar exhibitions or events, or any  
18 transient merchants, as defined by Section 2 of the Transient  
19 Merchant Act of 1987, may be required to make a daily report of  
20 the amount of such sales to the Department and to make a daily  
21 payment of the full amount of tax due. The Department shall  
22 impose this requirement when it finds that there is a  
23 significant risk of loss of revenue to the State at such an  
24 exhibition or event. Such a finding shall be based on evidence  
25 that a substantial number of concessionaires or other sellers  
26 who are not residents of Illinois will be engaging in the



1 business of selling tangible personal property at retail at the  
2 exhibition or event, or other evidence of a significant risk of  
3 loss of revenue to the State. The Department shall notify  
4 concessionaires and other sellers affected by the imposition of  
5 this requirement. In the absence of notification by the  
6 Department, the concessionaires and other sellers shall file  
7 their returns as otherwise required in this Section.

8 (Source: P.A. 99-352, eff. 8-12-15; 99-858, eff. 8-19-16;  
9 99-933, eff. 1-27-17; 100-303, eff. 8-24-17; 100-363, eff.  
10 7-1-18; revised 10-27-17.)

11 Section 95. No acceleration or delay. Where this Act makes  
12 changes in a statute that is represented in this Act by text  
13 that is not yet or no longer in effect (for example, a Section  
14 represented by multiple versions), the use of that text does  
15 not accelerate or delay the taking effect of (i) the changes  
16 made by this Act or (ii) provisions derived from any other  
17 Public Act.

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law.