



Sen. Rickey R. Hendon

Filed: 5/24/2004

09300HB0868sam001

LRB093 05706 BDD 51349 a

1 AMENDMENT TO HOUSE BILL 868

2 AMENDMENT NO. _____. Amend House Bill 868 by replacing
3 everything after the enacting clause with the following:

4 "Section 3. The Film Production Services Tax Credit Act is
5 amended by changing Section 90 as follows:

6 (35 ILCS 15/90)

7 (Section scheduled to be repealed on January 1, 2005)

8 Sec. 90. Repeal. This Act is repealed on January 1, 2006 ±
9 ~~year after its effective date.~~

10 (Source: P.A. 93-543, eff. 1-1-04.)

11 Section 5. The Use Tax Act is amended by changing Section
12 3-5 as follows:

13 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

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

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

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

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

19 (4) Personal property purchased by a governmental body, by
20 a corporation, society, association, foundation, or
21 institution organized and operated exclusively for charitable,
22 religious, or educational purposes, or by a not-for-profit
23 corporation, society, association, foundation, institution, or
24 organization that has no compensated officers or employees and
25 that is organized and operated primarily for the recreation of
26 persons 55 years of age or older. A limited liability company
27 may qualify for the exemption under this paragraph only if the
28 limited liability company is organized and operated
29 exclusively for educational purposes. On and after July 1,
30 1987, however, no entity otherwise eligible for this exemption
31 shall make tax-free purchases unless it has an active exemption
32 identification number issued by the Department.

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

1 the car is subject to the Replacement Vehicle Tax.

2 (6) Graphic ~~Until July 1, 2003, graphic~~ arts machinery and
3 equipment, including repair and replacement parts, both new and
4 used, and including that manufactured on special order,
5 certified by the purchaser to be used primarily for graphic
6 arts production, and including machinery and equipment
7 purchased for lease. Equipment includes chemicals or chemicals
8 acting as catalysts but only if the chemicals or chemicals
9 acting as catalysts effect a direct and immediate change upon a
10 graphic arts product.

11 (7) Farm chemicals.

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

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

19 (10) A motor vehicle of the first division, a motor vehicle
20 of the second division that is a self-contained motor vehicle
21 designed or permanently converted to provide living quarters
22 for recreational, camping, or travel use, with direct walk
23 through to the living quarters from the driver's seat, or a
24 motor vehicle of the second division that is of the van
25 configuration designed for the transportation of not less than
26 7 nor more than 16 passengers, as defined in Section 1-146 of
27 the Illinois Vehicle Code, that is used for automobile renting,
28 as defined in the Automobile Renting Occupation and Use Tax
29 Act.

30 (11) Farm machinery and equipment, both new and used,
31 including that manufactured on special order, certified by the
32 purchaser to be used primarily for production agriculture or
33 State or federal agricultural programs, including individual
34 replacement parts for the machinery and equipment, including

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

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

23 Farm machinery and equipment also includes computers,
24 sensors, software, and related equipment used primarily in the
25 computer-assisted operation of production agriculture
26 facilities, equipment, and activities such as, but not limited
27 to, the collection, monitoring, and correlation of animal and
28 crop data for the purpose of formulating animal diets and
29 agricultural chemicals. This item (11) is exempt from the
30 provisions of Section 3-90.

31 (12) Fuel and petroleum products sold to or used by an air
32 common carrier, certified by the carrier to be used for
33 consumption, shipment, or storage in the conduct of its
34 business as an air common carrier, for a flight destined for or

1 returning from a location or locations outside the United
2 States without regard to previous or subsequent domestic
3 stopovers.

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

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

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

26 (16) Until July 1, 2003, coal exploration, mining,
27 offhighway hauling, processing, maintenance, and reclamation
28 equipment, including replacement parts and equipment, and
29 including equipment purchased for lease, but excluding motor
30 vehicles required to be registered under the Illinois Vehicle
31 Code.

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

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

4 (18) Manufacturing and assembling machinery and equipment
5 used primarily in the process of manufacturing or assembling
6 tangible personal property for wholesale or retail sale or
7 lease, whether that sale or lease is made directly by the
8 manufacturer or by some other person, whether the materials
9 used in the process are owned by the manufacturer or some other
10 person, or whether that sale or lease is made apart from or as
11 an incident to the seller's engaging in the service occupation
12 of producing machines, tools, dies, jigs, patterns, gauges, or
13 other similar items of no commercial value on special order for
14 a particular purchaser.

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

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

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

28 (22) Computers and communications equipment utilized for
29 any hospital purpose and equipment used in the diagnosis,
30 analysis, or treatment of hospital patients purchased by a
31 lessor who leases the equipment, under a lease of one year or
32 longer executed or in effect at the time the lessor would
33 otherwise be subject to the tax imposed by this Act, to a
34 hospital that has been issued an active tax exemption

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

17 (23) Personal property purchased by a lessor who leases the
18 property, under a lease of one year or longer executed or in
19 effect at the time the lessor would otherwise be subject to the
20 tax imposed by this Act, to a governmental body that has been
21 issued an active sales tax exemption identification number by
22 the Department under Section 1g of the Retailers' Occupation
23 Tax Act. If the property is leased in a manner that does not
24 qualify for this exemption or used in any other non-exempt
25 manner, the lessor shall be liable for the tax imposed under
26 this Act or the Service Use Tax Act, as the case may be, based
27 on the fair market value of the property at the time the
28 non-qualifying use occurs. No lessor shall collect or attempt
29 to collect an amount (however designated) that purports to
30 reimburse that lessor for the tax imposed by this Act or the
31 Service Use Tax Act, as the case may be, if the tax has not been
32 paid by the lessor. If a lessor improperly collects any such
33 amount from the lessee, the lessee shall have a legal right to
34 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.

3 (24) 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 (25) 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 (26) Beginning July 1, 1999, game or game birds purchased
26 at a "game breeding and hunting preserve area" or an "exotic
27 game hunting area" as those terms are used in the Wildlife Code
28 or at a hunting enclosure approved through rules adopted by the
29 Department of Natural Resources. This paragraph is exempt from
30 the provisions of Section 3-90.

31 (27) A motor vehicle, as that term is defined in Section
32 1-146 of the Illinois Vehicle Code, that is donated to a
33 corporation, limited liability company, society, association,
34 foundation, or institution that is determined by the Department

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

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

29 (29) Beginning January 1, 2000 and through December 31,
30 2001, new or used automatic vending machines that prepare and
31 serve hot food and beverages, including coffee, soup, and other
32 items, and replacement parts for these machines. Beginning
33 January 1, 2002 and through June 30, 2003, machines and parts
34 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 3-90.

5 (30) Food for human consumption that is to be consumed off
6 the premises where it is sold (other than alcoholic beverages,
7 soft drinks, and food that has been prepared for immediate
8 consumption) and prescription and nonprescription medicines,
9 drugs, medical appliances, and insulin, urine testing
10 materials, syringes, and needles used by diabetics, for human
11 use, when purchased for use by a person receiving medical
12 assistance under Article 5 of the Illinois Public Aid Code who
13 resides in a licensed long-term care facility, as defined in
14 the Nursing Home Care Act.

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

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

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

29 (33) On and after July 1, 2003, the use in this State of
30 motor vehicles of the second division with a gross vehicle
31 weight in excess of 8,000 pounds and that are subject to the
32 commercial distribution fee imposed under Section 3-815.1 of
33 the Illinois Vehicle Code. This exemption applies to repair and
34 replacement parts added after the initial purchase of such a

1 motor vehicle if that motor vehicle is used in a manner that
2 would qualify for the rolling stock exemption otherwise
3 provided for in this Act.

4 (Source: P.A. 92-35, eff. 7-1-01; 92-227, eff. 8-2-01; 92-337,
5 eff. 8-10-01; 92-484, eff. 8-23-01; 92-651, eff. 7-11-02;
6 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; revised 9-11-03.)

7 Section 10. The Service Use Tax Act is amended by changing
8 Section 3-5 as follows:

9 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

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

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

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

9 (5) Graphic ~~Until July 1, 2003, graphic~~ arts machinery and
10 equipment, including repair and replacement parts, both new and
11 used, and including that manufactured on special order or
12 purchased for lease, certified by the purchaser to be used
13 primarily for graphic arts production. Equipment includes
14 chemicals or chemicals acting as catalysts but only if the
15 chemicals or chemicals acting as catalysts effect a direct and
16 immediate change upon a graphic arts product.

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

20 (7) Farm machinery and equipment, both new and used,
21 including that manufactured on special order, certified by the
22 purchaser to be used primarily for production agriculture or
23 State or federal agricultural programs, including individual
24 replacement parts for the machinery and equipment, including
25 machinery and equipment purchased for lease, and including
26 implements of husbandry defined in Section 1-130 of the
27 Illinois Vehicle Code, farm machinery and agricultural
28 chemical and fertilizer spreaders, and nurse wagons required to
29 be registered under Section 3-809 of the Illinois Vehicle Code,
30 but excluding other motor vehicles required to be registered
31 under the Illinois Vehicle Code. Horticultural polyhouses or
32 hoop houses used for propagating, growing, or overwintering
33 plants shall be considered farm machinery and equipment under
34 this item (7). Agricultural chemical tender tanks and dry boxes

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

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

13 Farm machinery and equipment also includes computers,
14 sensors, software, and related equipment used primarily in the
15 computer-assisted operation of production agriculture
16 facilities, equipment, and activities such as, but not limited
17 to, the collection, monitoring, and correlation of animal and
18 crop data for the purpose of formulating animal diets and
19 agricultural chemicals. This item (7) is exempt from the
20 provisions of Section 3-75.

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

28 (9) Proceeds of mandatory service charges separately
29 stated on customers' bills for the purchase and consumption of
30 food and beverages acquired as an incident to the purchase of a
31 service from a serviceman, to the extent that the proceeds of
32 the service charge are in fact turned over as tips or as a
33 substitute for tips to the employees who participate directly
34 in preparing, serving, hosting or cleaning up the food or

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

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

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

18 (12) Until July 1, 2003, coal exploration, mining,
19 offhighway hauling, processing, maintenance, and reclamation
20 equipment, including replacement parts and equipment, and
21 including equipment purchased for lease, but excluding motor
22 vehicles required to be registered under the Illinois Vehicle
23 Code.

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

26 (14) Horses, or interests in horses, registered with and
27 meeting the requirements of any of the Arabian Horse Club
28 Registry of America, Appaloosa Horse Club, American Quarter
29 Horse Association, United States Trotting Association, or
30 Jockey Club, as appropriate, used for purposes of breeding or
31 racing for prizes.

32 (15) Computers and communications equipment utilized for
33 any hospital purpose and equipment used in the diagnosis,
34 analysis, or treatment of hospital patients purchased by a

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

20 (16) Personal property purchased by a lessor who leases the
21 property, under a lease of one year or longer executed or in
22 effect at the time the lessor would otherwise be subject to the
23 tax imposed by this Act, to a governmental body that has been
24 issued an active tax exemption identification number by the
25 Department under Section 1g of the Retailers' Occupation Tax
26 Act. If the property is leased in a manner that does not
27 qualify for this exemption or is used in any other non-exempt
28 manner, the lessor shall be liable for the tax imposed under
29 this Act or the Use Tax Act, as the case may be, based on the
30 fair market value of the property at the time the
31 non-qualifying use occurs. No lessor shall collect or attempt
32 to collect an amount (however designated) that purports to
33 reimburse that lessor for the tax imposed by this Act or the
34 Use Tax Act, as the case may be, if the tax has not been paid by

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

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

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

28 (19) Beginning July 1, 1999, game or game birds purchased
29 at a "game breeding and hunting preserve area" or an "exotic
30 game hunting area" as those terms are used in the Wildlife Code
31 or at a hunting enclosure approved through rules adopted by the
32 Department of Natural Resources. This paragraph is exempt from
33 the provisions of Section 3-75.

34 (20) A motor vehicle, as that term is defined in Section

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

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

32 (22) Beginning January 1, 2000 and through December 31,
33 2001, new or used automatic vending machines that prepare and
34 serve hot food and beverages, including coffee, soup, and other

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

8 (23) Food for human consumption that is to be consumed off
9 the premises where it is sold (other than alcoholic beverages,
10 soft drinks, and food that has been prepared for immediate
11 consumption) and prescription and nonprescription medicines,
12 drugs, medical appliances, and insulin, urine testing
13 materials, syringes, and needles used by diabetics, for human
14 use, when purchased for use by a person receiving medical
15 assistance under Article 5 of the Illinois Public Aid Code who
16 resides in a licensed long-term care facility, as defined in
17 the Nursing Home Care Act.

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
27 Retailers' Occupation Tax Act. If the equipment is leased in a
28 manner that does not qualify for this exemption or is used in
29 any other nonexempt manner, the lessor shall be liable for the
30 tax imposed under this Act or the Use Tax Act, as the case may
31 be, based on the fair market value of the property at the time
32 the nonqualifying use occurs. No lessor shall collect or
33 attempt to collect an amount (however designated) that purports
34 to reimburse that lessor for the tax imposed by this Act or the

1 Use Tax Act, as the case may be, if the tax has not been paid by
2 the lessor. If a lessor improperly collects any such amount
3 from the lessee, the lessee shall have a legal right to claim a
4 refund of that amount from the lessor. If, however, that amount
5 is not refunded to the lessee for any reason, the lessor is
6 liable to pay that amount to the Department. This paragraph is
7 exempt from the provisions of Section 3-75.

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

30 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
31 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
32 92-651, eff. 7-11-02; 93-24, eff. 6-20-03.)

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

1 changing Section 3-5 as follows:

2 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

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

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

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

30 (4) Legal tender, currency, medallions, or gold or silver
31 coinage issued by the State of Illinois, the government of the
32 United States of America, or the government of any foreign
33 country, and bullion.

1 (5) Graphic ~~Until July 1, 2003, graphic~~ arts machinery and
2 equipment, including repair and replacement parts, both new and
3 used, and including that manufactured on special order or
4 purchased for lease, certified by the purchaser to be used
5 primarily for graphic arts production. Equipment includes
6 chemicals or chemicals acting as catalysts but only if the
7 chemicals or chemicals acting as catalysts effect a direct and
8 immediate change upon a graphic arts product.

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

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

31 Farm machinery and equipment shall include precision
32 farming equipment that is installed or purchased to be
33 installed on farm machinery and equipment including, but not
34 limited to, tractors, harvesters, sprayers, planters, seeders,

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

5 Farm machinery and equipment also includes computers,
6 sensors, software, and related equipment used primarily in the
7 computer-assisted operation of production agriculture
8 facilities, equipment, and activities such as, but not limited
9 to, the collection, monitoring, and correlation of animal and
10 crop data for the purpose of formulating animal diets and
11 agricultural chemicals. This item (7) is exempt from the
12 provisions of Section 3-55.

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

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

28 (10) Until July 1, 2003, oil field exploration, drilling,
29 and production equipment, including (i) rigs and parts of rigs,
30 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
31 tubular goods, including casing and drill strings, (iii) pumps
32 and pump-jack units, (iv) storage tanks and flow lines, (v) any
33 individual replacement part for oil field exploration,
34 drilling, and production equipment, and (vi) machinery and

1 equipment purchased for lease; but excluding motor vehicles
2 required to be registered under the Illinois Vehicle Code.

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

8 (12) Until July 1, 2003, coal exploration, mining,
9 offhighway hauling, processing, maintenance, and reclamation
10 equipment, including replacement parts and equipment, and
11 including equipment purchased for lease, but excluding motor
12 vehicles required to be registered under the Illinois Vehicle
13 Code.

14 (13) Food for human consumption that is to be consumed off
15 the premises where it is sold (other than alcoholic beverages,
16 soft drinks and food that has been prepared for immediate
17 consumption) and prescription and non-prescription medicines,
18 drugs, medical appliances, and insulin, urine testing
19 materials, syringes, and needles used by diabetics, for human
20 use, when purchased for use by a person receiving medical
21 assistance under Article 5 of the Illinois Public Aid Code who
22 resides in a licensed long-term care facility, as defined in
23 the Nursing Home Care Act.

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

26 (15) Horses, or interests in horses, registered with and
27 meeting the requirements of any of the Arabian Horse Club
28 Registry of America, Appaloosa Horse Club, American Quarter
29 Horse Association, United States Trotting Association, or
30 Jockey Club, as appropriate, used for purposes of breeding or
31 racing for prizes.

32 (16) Computers and communications equipment utilized for
33 any hospital purpose and equipment used in the diagnosis,
34 analysis, or treatment of hospital patients sold to a lessor

1 who leases the equipment, under a lease of one year or longer
2 executed or in effect at the time of the purchase, to a
3 hospital that has been issued an active tax exemption
4 identification number by the Department under Section 1g of the
5 Retailers' Occupation Tax Act.

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

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

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

34 (20) Beginning July 1, 1999, game or game birds sold at a

1 "game breeding and hunting preserve area" or an "exotic game
2 hunting area" as those terms are used in the Wildlife Code or
3 at a hunting enclosure approved through rules adopted by the
4 Department of Natural Resources. This paragraph is exempt from
5 the provisions of Section 3-55.

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

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

1 purpose of resale by the fundraising entity and that profits
2 from the sale to the fundraising entity. This paragraph is
3 exempt from the provisions of Section 3-55.

4 (23) Beginning January 1, 2000 and through December 31,
5 2001, new or used automatic vending machines that prepare and
6 serve hot food and beverages, including coffee, soup, and other
7 items, and replacement parts for these machines. Beginning
8 January 1, 2002 and through June 30, 2003, machines and parts
9 for machines used in commercial, coin-operated amusement and
10 vending business if a use or occupation tax is paid on the
11 gross receipts derived from the use of the commercial,
12 coin-operated amusement and vending machines. This paragraph
13 is exempt from the provisions of Section 3-55.

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

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

32 (26) Beginning on January 1, 2002, tangible personal
33 property purchased from an Illinois retailer by a taxpayer
34 engaged in centralized purchasing activities in Illinois who

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

20 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
21 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
22 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 93-24, eff.
23 6-20-03.)

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

26 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

30 (1) Farm chemicals.

31 (2) Farm machinery and equipment, both new and used,
32 including that manufactured on special order, certified by the

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

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

26 Farm machinery and equipment also includes computers,
27 sensors, software, and related equipment used primarily in the
28 computer-assisted operation of production agriculture
29 facilities, equipment, and activities such as, but not limited
30 to, the collection, monitoring, and correlation of animal and
31 crop data for the purpose of formulating animal diets and
32 agricultural chemicals. This item (7) is exempt from the
33 provisions of Section 2-70.

34 (3) Until July 1, 2003, distillation machinery and

1 equipment, sold as a unit or kit, assembled or installed by the
2 retailer, certified by the user to be used only for the
3 production of ethyl alcohol that will be used for consumption
4 as motor fuel or as a component of motor fuel for the personal
5 use of the user, and not subject to sale or resale.

6 (4) Graphic ~~Until July 1, 2003, graphic~~ arts machinery and
7 equipment, including repair and replacement parts, both new and
8 used, and including that manufactured on special order or
9 purchased for lease, certified by the purchaser to be used
10 primarily for graphic arts production. Equipment includes
11 chemicals or chemicals acting as catalysts but only if the
12 chemicals or chemicals acting as catalysts effect a direct and
13 immediate change upon a graphic arts product.

14 (5) A motor vehicle of the first division, a motor vehicle
15 of the second division that is a self-contained motor vehicle
16 designed or permanently converted to provide living quarters
17 for recreational, camping, or travel use, with direct walk
18 through access to the living quarters from the driver's seat,
19 or a motor vehicle of the second division that is of the van
20 configuration designed for the transportation of not less than
21 7 nor more than 16 passengers, as defined in Section 1-146 of
22 the Illinois Vehicle Code, that is used for automobile renting,
23 as defined in the Automobile Renting Occupation and Use Tax
24 Act.

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

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

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

34 (9) Personal property sold to a not-for-profit arts or

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

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

22 (11) Personal property sold to a governmental body, to a
23 corporation, society, association, foundation, or institution
24 organized and operated exclusively for charitable, religious,
25 or educational purposes, or to a not-for-profit corporation,
26 society, association, foundation, institution, or organization
27 that has no compensated officers or employees and that is
28 organized and operated primarily for the recreation of persons
29 55 years of age or older. A limited liability company may
30 qualify for the exemption under this paragraph only if the
31 limited liability company is organized and operated
32 exclusively for educational purposes. On and after July 1,
33 1987, however, no entity otherwise eligible for this exemption
34 shall make tax-free purchases unless it has an active

1 identification number issued by the Department.

2 (12) Tangible personal property sold to interstate
3 carriers for hire for use as rolling stock moving in interstate
4 commerce or to lessors under leases of one year or longer
5 executed or in effect at the time of purchase by interstate
6 carriers for hire for use as rolling stock moving in interstate
7 commerce and equipment operated by a telecommunications
8 provider, licensed as a common carrier by the Federal
9 Communications Commission, which is permanently installed in
10 or affixed to aircraft moving in interstate commerce.

11 (12-5) On and after July 1, 2003, motor vehicles of the
12 second division with a gross vehicle weight in excess of 8,000
13 pounds that are subject to the commercial distribution fee
14 imposed under Section 3-815.1 of the Illinois Vehicle Code.
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.

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

26 (14) Machinery and equipment that will be used by the
27 purchaser, or a lessee of the purchaser, primarily in the
28 process of manufacturing or assembling tangible personal
29 property for wholesale or retail sale or lease, whether the
30 sale or lease is made directly by the manufacturer or by some
31 other person, whether the materials used in the process are
32 owned by the manufacturer or some other person, or whether the
33 sale or lease is made apart from or as an incident to the
34 seller's engaging in the service occupation of producing

1 machines, tools, dies, jigs, patterns, gauges, or other similar
2 items of no commercial value on special order for a particular
3 purchaser.

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

11 (16) Petroleum products sold to a purchaser if the seller
12 is prohibited by federal law from charging tax to the
13 purchaser.

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

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

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

1 (20) 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 (21) Until July 1, 2003, coal exploration, mining,
7 offhighway hauling, processing, maintenance, and reclamation
8 equipment, including replacement parts and equipment, and
9 including equipment purchased for lease, but excluding motor
10 vehicles required to be registered under the Illinois Vehicle
11 Code.

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

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

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

28 (25) A motor vehicle sold in this State to a nonresident
29 even though the motor vehicle is delivered to the nonresident
30 in this State, if the motor vehicle is not to be titled in this
31 State, and if a drive-away permit is issued to the motor
32 vehicle as provided in Section 3-603 of the Illinois Vehicle
33 Code or if the nonresident purchaser has vehicle registration
34 plates to transfer to the motor vehicle upon returning to his

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

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

7 (27) Horses, or interests in horses, registered with and
8 meeting the requirements of any of the Arabian Horse Club
9 Registry of America, Appaloosa Horse Club, American Quarter
10 Horse Association, United States Trotting Association, or
11 Jockey Club, as appropriate, used for purposes of breeding or
12 racing for prizes.

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

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

26 (30) Beginning with taxable years ending on or after
27 December 31, 1995 and ending with taxable years ending on or
28 before December 31, 2004, personal property that is donated for
29 disaster relief to be used in a State or federally declared
30 disaster area in Illinois or bordering Illinois by a
31 manufacturer or retailer that is registered in this State to a
32 corporation, society, association, foundation, or institution
33 that has been issued a sales tax exemption identification
34 number by the Department that assists victims of the disaster

1 who reside within the declared disaster area.

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

14 (32) Beginning July 1, 1999, game or game birds sold at a
15 "game breeding and hunting preserve area" or an "exotic game
16 hunting area" as those terms are used in the Wildlife Code or
17 at a hunting enclosure approved through rules adopted by the
18 Department of Natural Resources. This paragraph is exempt from
19 the provisions of Section 2-70.

20 (33) A motor vehicle, as that term is defined in Section
21 1-146 of the Illinois Vehicle Code, that is donated to a
22 corporation, limited liability company, society, association,
23 foundation, or institution that is determined by the Department
24 to be organized and operated exclusively for educational
25 purposes. For purposes of this exemption, "a corporation,
26 limited liability company, society, association, foundation,
27 or institution organized and operated exclusively for
28 educational purposes" means all tax-supported public schools,
29 private schools that offer systematic instruction in useful
30 branches of learning by methods common to public schools and
31 that compare favorably in their scope and intensity with the
32 course of study presented in tax-supported schools, and
33 vocational or technical schools or institutes organized and
34 operated exclusively to provide a course of study of not less

1 than 6 weeks duration and designed to prepare individuals to
2 follow a trade or to pursue a manual, technical, mechanical,
3 industrial, business, or commercial occupation.

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

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

28 (35-5) Food for human consumption that is to be consumed
29 off the premises where it is sold (other than alcoholic
30 beverages, soft drinks, and food that has been prepared for
31 immediate consumption) and prescription and nonprescription
32 medicines, drugs, medical appliances, and insulin, urine
33 testing materials, syringes, and needles used by diabetics, for
34 human use, when purchased for use by a person receiving medical

1 assistance under Article 5 of the Illinois Public Aid Code who
2 resides in a licensed long-term care facility, as defined in
3 the Nursing Home Care Act.

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

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

20 (38) Beginning on January 1, 2002, tangible personal
21 property purchased from an Illinois retailer by a taxpayer
22 engaged in centralized purchasing activities in Illinois who
23 will, upon receipt of the property in Illinois, temporarily
24 store the property in Illinois (i) for the purpose of
25 subsequently transporting it outside this State for use or
26 consumption thereafter solely outside this State or (ii) for
27 the purpose of being processed, fabricated, or manufactured
28 into, attached to, or incorporated into other tangible personal
29 property to be transported outside this State and thereafter
30 used or consumed solely outside this State. The Director of
31 Revenue shall, pursuant to rules adopted in accordance with the
32 Illinois Administrative Procedure Act, issue a permit to any
33 taxpayer in good standing with the Department who is eligible
34 for the exemption under this paragraph (38). The permit issued

1 under this paragraph (38) shall authorize the holder, to the
2 extent and in the manner specified in the rules adopted under
3 this Act, to purchase tangible personal property from a
4 retailer exempt from the taxes imposed by this Act. Taxpayers
5 shall maintain all necessary books and records to substantiate
6 the use and consumption of all such tangible personal property
7 outside of the State of Illinois.

8 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
9 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
10 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 92-680, eff.
11 7-16-02; 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; revised
12 9-11-03.)

13 Section 99. Effective date. This Act takes effect upon
14 becoming law."