



Rep. Tom Cross

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09300HB6034ham001

LRB093 17498 MKM 49233 a

1 AMENDMENT TO HOUSE BILL 6034

2 AMENDMENT NO. _____. Amend House Bill 6034 by replacing
3 everything after the enacting clause with the following:

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

6 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

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

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

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

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

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

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

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

27 (6) Graphic ~~Until July 1, 2003, graphic~~ arts machinery and
28 equipment, including repair and replacement parts, both new and
29 used, and including that manufactured on special order,
30 certified by the purchaser to be used primarily for graphic
31 arts production, and including machinery and equipment
32 purchased for lease. Equipment includes chemicals or chemicals
33 acting as catalysts but only if the chemicals or chemicals
34 acting as catalysts effect a direct and immediate change upon a

1 graphic arts product.

2 (7) Farm chemicals.

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

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

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

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

1 this item (11). Agricultural chemical tender tanks and dry
2 boxes shall include units sold separately from a motor vehicle
3 required to be licensed and units sold mounted on a motor
4 vehicle required to be licensed if the selling price of the
5 tender is separately stated.

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

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

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

29 (13) Proceeds of mandatory service charges separately
30 stated on customers' bills for the purchase and consumption of
31 food and beverages purchased at retail from a retailer, to the
32 extent that the proceeds of the service charge are in fact
33 turned over as tips or as a substitute for tips to the
34 employees who participate directly in preparing, serving,

1 hosting or cleaning up the food or beverage function with
2 respect to which the service charge is imposed.

3 (14) 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 (15) Photoprocessing machinery and equipment, including
13 repair and replacement parts, both new and used, including that
14 manufactured on special order, certified by the purchaser to be
15 used primarily for photoprocessing, and including
16 photoprocessing machinery and equipment purchased for lease.

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

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

29 (18) Manufacturing and assembling machinery and equipment
30 used primarily in the process of manufacturing or assembling
31 tangible personal property for wholesale or retail sale or
32 lease, whether that sale or lease is made directly by the
33 manufacturer or by some other person, whether the materials
34 used in the process are owned by the manufacturer or some other

1 person, or whether that sale or lease is made apart from or as
2 an incident to the seller's engaging in the service occupation
3 of producing machines, tools, dies, jigs, patterns, gauges, or
4 other similar items of no commercial value on special order for
5 a particular purchaser.

6 (19) Personal property delivered to a purchaser or
7 purchaser's donee inside Illinois when the purchase order for
8 that personal property was received by a florist located
9 outside Illinois who has a florist located inside Illinois
10 deliver the personal property.

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

13 (21) Horses, or interests in horses, registered with and
14 meeting the requirements of any of the Arabian Horse Club
15 Registry of America, Appaloosa Horse Club, American Quarter
16 Horse Association, United States Trotting Association, or
17 Jockey Club, as appropriate, used for purposes of breeding or
18 racing for prizes.

19 (22) Computers and communications equipment utilized for
20 any hospital purpose and equipment used in the diagnosis,
21 analysis, or treatment of hospital patients purchased by a
22 lessor who leases the equipment, under a lease of one year or
23 longer executed or in effect at the time the lessor would
24 otherwise be subject to the tax imposed by this Act, to a
25 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 non-exempt manner, the lessor shall be liable for the
30 tax imposed under this Act or the Service Use Tax Act, as the
31 case may be, based on the fair market value of the property at
32 the time the non-qualifying use occurs. No lessor shall collect
33 or attempt to collect an amount (however designated) that
34 purports to reimburse that lessor for the tax imposed by this

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

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

28 (24) Beginning with taxable years ending on or after
29 December 31, 1995 and ending with taxable years ending on or
30 before December 31, 2004, personal property that is donated for
31 disaster relief to be used in a State or federally declared
32 disaster area in Illinois or bordering Illinois by a
33 manufacturer or retailer that is registered in this State to a
34 corporation, society, association, foundation, or institution

1 that has been issued a sales tax exemption identification
2 number by the Department that assists victims of the disaster
3 who reside within the declared disaster area.

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

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

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

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

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

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

30 (30) Food for human consumption that is to be consumed off
31 the premises where it is sold (other than alcoholic beverages,
32 soft drinks, and food that has been prepared for immediate
33 consumption) and prescription and nonprescription medicines,
34 drugs, medical appliances, and insulin, urine testing

1 materials, syringes, and needles used by diabetics, for human
2 use, when purchased for use by a person receiving medical
3 assistance under Article 5 of the Illinois Public Aid Code who
4 resides in a licensed long-term care facility, as defined in
5 the Nursing Home Care Act.

6 (31) Beginning on the effective date of this amendatory Act
7 of the 92nd General Assembly, computers and communications
8 equipment utilized for any hospital purpose and equipment used
9 in the diagnosis, analysis, or treatment of hospital patients
10 purchased by a lessor who leases the equipment, under a lease
11 of one year or longer executed or in effect at the time the
12 lessor would otherwise be subject to the tax imposed by this
13 Act, to a hospital 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 equipment 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 Service Use Tax Act, as the
19 case may be, based on the fair market value of the property at
20 the time the nonqualifying use occurs. No lessor shall collect
21 or attempt to collect an amount (however designated) that
22 purports to reimburse that lessor for the tax imposed by this
23 Act or the Service Use Tax Act, as the case may be, if the tax
24 has not been paid by the lessor. If a lessor improperly
25 collects any such amount from the lessee, the lessee shall have
26 a legal right to claim a refund of that amount from the lessor.
27 If, however, that amount is not refunded to the lessee for any
28 reason, the lessor is liable to pay that amount to the
29 Department. This paragraph is exempt from the provisions of
30 Section 3-90.

31 (32) Beginning on the effective date of this amendatory Act
32 of the 92nd General Assembly, personal property purchased by a
33 lessor who leases the property, under a lease of one year or
34 longer executed or in effect at the time the lessor would

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

20 (33) On and after July 1, 2003, the use in this State of
21 motor vehicles of the second division with a gross vehicle
22 weight in excess of 8,000 pounds and that are subject to the
23 commercial distribution fee imposed under Section 3-815.1 of
24 the Illinois Vehicle Code. This exemption applies to repair and
25 replacement parts added after the initial purchase of such a
26 motor vehicle if that motor vehicle is used in a manner that
27 would qualify for the rolling stock exemption otherwise
28 provided for in this Act.

29 (Source: P.A. 92-35, eff. 7-1-01; 92-227, eff. 8-2-01; 92-337,
30 eff. 8-10-01; 92-484, eff. 8-23-01; 92-651, eff. 7-11-02;
31 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; revised 9-11-03.)

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

1 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

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

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

33 (5) Graphic ~~Until July 1, 2003, graphic~~ arts machinery and

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

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

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

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

1 limited to, soil testing sensors, computers, monitors,
2 software, global positioning and mapping systems, and other
3 such equipment.

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

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

19 (9) Proceeds of mandatory service charges separately
20 stated on customers' bills for the purchase and consumption of
21 food and beverages acquired as an incident to the purchase of a
22 service from a serviceman, to the extent that the proceeds of
23 the 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) Proceeds from the sale of photoprocessing machinery
4 and equipment, including repair and replacement parts, both new
5 and used, including that manufactured on special order,
6 certified by the purchaser to be used primarily for
7 photoprocessing, and including photoprocessing machinery and
8 equipment purchased for lease.

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

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

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

23 (15) Computers and communications equipment utilized for
24 any hospital purpose and equipment used in the diagnosis,
25 analysis, or treatment of hospital patients purchased by a
26 lessor who leases the equipment, under a lease of one year or
27 longer executed or in effect at the time the lessor would
28 otherwise be subject to the tax imposed by this Act, to a
29 hospital that has been issued an active tax exemption
30 identification number by the Department under Section 1g of the
31 Retailers' Occupation Tax Act. If the equipment is leased in a
32 manner that does not qualify for this exemption or is used in
33 any other non-exempt manner, the lessor shall be liable for the
34 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 non-qualifying 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.

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

31 (17) Beginning with taxable years ending on or after
32 December 31, 1995 and ending with taxable years ending on or
33 before December 31, 2004, personal property that is donated for
34 disaster relief to be used in a State or federally declared

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

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

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

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

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

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

23 (22) Beginning January 1, 2000 and through December 31,
24 2001, new or used automatic vending machines that prepare and
25 serve hot food and beverages, including coffee, soup, and other
26 items, and replacement parts for these machines. Beginning
27 January 1, 2002 and through June 30, 2003, machines and parts
28 for machines used in commercial, coin-operated amusement and
29 vending business if a use or occupation tax is paid on the
30 gross receipts derived from the use of the commercial,
31 coin-operated amusement and vending machines. This paragraph
32 is exempt from the provisions of Section 3-75.

33 (23) Food for human consumption that is to be consumed off
34 the premises where it is sold (other than alcoholic beverages,

1 soft drinks, and food that has been prepared for immediate
2 consumption) and prescription and nonprescription medicines,
3 drugs, medical appliances, and insulin, urine testing
4 materials, syringes, and needles used by diabetics, for human
5 use, when purchased for use by a person receiving medical
6 assistance under Article 5 of the Illinois Public Aid Code who
7 resides in a licensed long-term care facility, as defined in
8 the Nursing Home Care Act.

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

33 (25) Beginning on the effective date of this amendatory Act
34 of the 92nd General Assembly, personal property purchased by a

1 lessor who leases the property, 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 governmental body 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 property is leased in a
7 manner that does not qualify for this exemption or is used in
8 any other nonexempt 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 nonqualifying 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. This paragraph is
20 exempt from the provisions of Section 3-75.

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

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

26 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

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

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

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

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

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

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

34 (6) Personal property sold by a teacher-sponsored student

1 organization affiliated with an elementary or secondary school
2 located in Illinois.

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

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

30 Farm machinery and equipment also includes computers,
31 sensors, software, and related equipment used primarily in the
32 computer-assisted operation of production agriculture
33 facilities, equipment, and activities such as, but not limited
34 to, the collection, monitoring, and correlation of animal and

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

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

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

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

28 (11) Photoprocessing machinery and equipment, including
29 repair and replacement parts, both new and used, including that
30 manufactured on special order, certified by the purchaser to be
31 used primarily for photoprocessing, and including
32 photoprocessing machinery and equipment purchased for lease.

33 (12) Until July 1, 2003, coal exploration, mining,
34 offhighway hauling, processing, maintenance, and reclamation

1 equipment, including replacement parts and equipment, and
2 including equipment purchased for lease, but excluding motor
3 vehicles required to be registered under the Illinois Vehicle
4 Code.

5 (13) 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 non-prescription 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 (14) Semen used for artificial insemination of livestock
16 for direct agricultural production.

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

23 (16) Computers and communications equipment utilized for
24 any hospital purpose and equipment used in the diagnosis,
25 analysis, or treatment of hospital patients sold to a lessor
26 who leases the equipment, under a lease of one year or longer
27 executed or in effect at the time of the purchase, to a
28 hospital that has been issued an active tax exemption
29 identification number by the Department under Section 1g of the
30 Retailers' Occupation Tax Act.

31 (17) Personal property sold to a lessor who leases the
32 property, under a lease of one year or longer executed or in
33 effect at the time of the purchase, to a governmental body that
34 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" or an "exotic game
27 hunting area" as those terms are used in the Wildlife Code or
28 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 3-55.

31 (21) 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 (22) 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 3-55.

29 (23) 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 3-55.

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

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

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

1 Illinois Administrative Procedure Act, issue a permit to any
2 taxpayer in good standing with the Department who is eligible
3 for the exemption under this paragraph (26). The permit issued
4 under this paragraph (26) shall authorize the holder, to the
5 extent and in the manner specified in the rules adopted under
6 this Act, to purchase tangible personal property from a
7 retailer exempt from the taxes imposed by this Act. Taxpayers
8 shall maintain all necessary books and records to substantiate
9 the use and consumption of all such tangible personal property
10 outside of the State of Illinois.

11 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
12 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
13 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 93-24, eff.
14 6-20-03.)

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

17 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

21 (1) Farm chemicals.

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

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

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

17 Farm machinery and equipment also includes computers,
18 sensors, software, and related equipment used primarily in the
19 computer-assisted operation of production agriculture
20 facilities, equipment, and activities such as, but not limited
21 to, the collection, monitoring, and correlation of animal and
22 crop data for the purpose of formulating animal diets and
23 agricultural chemicals. This item (7) is exempt from the
24 provisions of Section 2-70.

25 (3) Until July 1, 2003, distillation machinery and
26 equipment, sold as a unit or kit, assembled or installed by the
27 retailer, certified by the user to be used only for the
28 production of ethyl alcohol that will be used for consumption
29 as motor fuel or as a component of motor fuel for the personal
30 use of the user, and not subject to sale or resale.

31 (4) Graphic ~~Until July 1, 2003, graphic~~ arts machinery and
32 equipment, including repair and replacement parts, both new and
33 used, and including that manufactured on special order or
34 purchased for lease, certified by the purchaser to be used

1 primarily for graphic arts production. Equipment includes
2 chemicals or chemicals acting as catalysts but only if the
3 chemicals or chemicals acting as catalysts effect a direct and
4 immediate change upon a graphic arts product.

5 (5) A motor vehicle of the first division, a motor vehicle
6 of the second division that is a self-contained motor vehicle
7 designed or permanently converted to provide living quarters
8 for recreational, camping, or travel use, with direct walk
9 through access to the living quarters from the driver's seat,
10 or a motor vehicle of the second division that is of the van
11 configuration designed for the transportation of not less than
12 7 nor more than 16 passengers, as defined in Section 1-146 of
13 the Illinois Vehicle Code, that is used for automobile renting,
14 as defined in the Automobile Renting Occupation and Use Tax
15 Act.

16 (6) Personal property sold by a teacher-sponsored student
17 organization affiliated with an elementary or secondary school
18 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 subject
21 to the Replacement Vehicle Tax.

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

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

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

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

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

27 (12) Tangible personal property sold to interstate
28 carriers for hire for use as rolling stock moving in interstate
29 commerce or to lessors under leases of one year or longer
30 executed or in effect at the time of purchase by interstate
31 carriers for hire for use as rolling stock moving in interstate
32 commerce and equipment operated by a telecommunications
33 provider, licensed as a common carrier by the Federal
34 Communications Commission, which is permanently installed in

1 or affixed to aircraft moving in interstate commerce.

2 (12-5) On and after July 1, 2003, motor vehicles of the
3 second division with a gross vehicle weight in excess of 8,000
4 pounds that are subject to the commercial distribution fee
5 imposed under Section 3-815.1 of the Illinois Vehicle Code.
6 This exemption applies to repair and replacement parts added
7 after the initial purchase of such a motor vehicle if that
8 motor vehicle is used in a manner that would qualify for the
9 rolling stock exemption otherwise provided for in this Act.

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

17 (14) Machinery and equipment that will be used by the
18 purchaser, or a lessee of the purchaser, primarily in the
19 process of manufacturing or assembling tangible personal
20 property for wholesale or retail sale or lease, whether the
21 sale or lease is made directly by the manufacturer or by some
22 other person, whether the materials used in the process are
23 owned by the manufacturer or some other person, or whether the
24 sale or lease is made apart from or as an incident to the
25 seller's engaging in the service occupation of producing
26 machines, tools, dies, jigs, patterns, gauges, or other similar
27 items of no commercial value on special order for a particular
28 purchaser.

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

1 with respect to which the service charge is imposed.

2 (16) Petroleum products sold to a purchaser if the seller
3 is prohibited by federal law from charging tax to the
4 purchaser.

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

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

26 (20) Photoprocessing machinery and equipment, including
27 repair and replacement parts, both new and used, including that
28 manufactured on special order, certified by the purchaser to be
29 used primarily for photoprocessing, and including
30 photoprocessing machinery and equipment purchased for lease.

31 (21) Until July 1, 2003, coal exploration, mining,
32 offhighway hauling, processing, maintenance, and reclamation
33 equipment, including replacement parts and equipment, and
34 including equipment purchased for lease, but excluding motor

1 vehicles required to be registered under the Illinois Vehicle
2 Code.

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

9 (23) A transaction in which the purchase order is received
10 by a florist who is located outside Illinois, but who has a
11 florist located in Illinois deliver the property to the
12 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 delivered
17 by the seller to the purchaser's barge, ship, or vessel while
18 it is afloat upon that bordering river.

19 (25) A motor vehicle sold in this State to a nonresident
20 even though the motor vehicle is delivered to the nonresident
21 in this State, if the motor vehicle is not to be titled in this
22 State, and if a drive-away permit is issued to the motor
23 vehicle as provided in Section 3-603 of the Illinois Vehicle
24 Code or if the nonresident purchaser has vehicle registration
25 plates to transfer to the motor vehicle upon returning to his
26 or her home state. The issuance of the drive-away permit or
27 having the out-of-state registration plates to be transferred
28 is prima facie evidence that the motor vehicle will not be
29 titled in this State.

30 (26) Semen used for artificial insemination of livestock
31 for direct agricultural production.

32 (27) Horses, or interests in horses, registered with and
33 meeting the requirements of any of the Arabian Horse Club
34 Registry of America, Appaloosa Horse Club, American Quarter

1 Horse Association, United States Trotting Association, or
2 Jockey Club, as appropriate, used for purposes of breeding or
3 racing for prizes.

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

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

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

27 (31) Beginning with taxable years ending on or after
28 December 31, 1995 and ending with taxable years ending on or
29 before December 31, 2004, personal property that is used in the
30 performance of infrastructure repairs in this State, including
31 but not limited to municipal roads and streets, access roads,
32 bridges, sidewalks, waste disposal systems, water and sewer
33 line extensions, water distribution and purification
34 facilities, storm water drainage and retention facilities, and

1 sewage treatment facilities, resulting from a State or
2 federally declared disaster in Illinois or bordering Illinois
3 when such repairs are initiated on facilities located in the
4 declared disaster area within 6 months after the disaster.

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

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

29 (34) Beginning January 1, 2000, personal property,
30 including food, purchased through fundraising events for the
31 benefit of a public or private elementary or secondary school,
32 a group of those schools, or one or more school districts if
33 the events are sponsored by an entity recognized by the school
34 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 2-70.

9 (35) 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 2-70.

19 (35-5) Food for human consumption that is to be consumed
20 off the premises where it is sold (other than alcoholic
21 beverages, soft drinks, and food that has been prepared for
22 immediate consumption) and prescription and nonprescription
23 medicines, drugs, medical appliances, and insulin, urine
24 testing materials, syringes, and needles used by diabetics, for
25 human use, when purchased for use by a person receiving medical
26 assistance under Article 5 of the Illinois Public Aid Code who
27 resides in a licensed long-term care facility, as defined in
28 the Nursing Home Care Act.

29 (36) Beginning August 2, 2001, computers and
30 communications equipment utilized for any hospital purpose and
31 equipment used in the diagnosis, analysis, or treatment of
32 hospital patients sold to a lessor who leases the equipment,
33 under a lease of one year or longer executed or in effect at
34 the time of the purchase, to a hospital that has been issued an

1 active tax exemption identification number by the Department
2 under Section 1g of this Act. This paragraph is exempt from the
3 provisions of Section 2-70.

4 (37) Beginning August 2, 2001, 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
9 this Act. This paragraph is exempt from the provisions of
10 Section 2-70.

11 (38) Beginning on January 1, 2002, tangible personal
12 property purchased from an Illinois retailer by a taxpayer
13 engaged in centralized purchasing activities in Illinois who
14 will, upon receipt of the property in Illinois, temporarily
15 store the property in Illinois (i) for the purpose of
16 subsequently transporting it outside this State for use or
17 consumption thereafter solely outside this State or (ii) for
18 the purpose of being processed, fabricated, or manufactured
19 into, attached to, or incorporated into other tangible personal
20 property to be transported outside this State and thereafter
21 used or consumed solely outside this State. The Director of
22 Revenue shall, pursuant to rules adopted in accordance with the
23 Illinois Administrative Procedure Act, issue a permit to any
24 taxpayer in good standing with the Department who is eligible
25 for the exemption under this paragraph (38). The permit issued
26 under this paragraph (38) shall authorize the holder, to the
27 extent and in the manner specified in the rules adopted under
28 this Act, to purchase tangible personal property from a
29 retailer exempt from the taxes imposed by this Act. Taxpayers
30 shall maintain all necessary books and records to substantiate
31 the use and consumption of all such tangible personal property
32 outside of the State of Illinois.

33 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
34 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;

1 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 92-680, eff.
2 7-16-02; 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; revised
3 9-11-03.)".