

1 AN ACT in relation to taxation.

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

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

6 (35 ILCS 105/3-5) (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
25 services. These organizations include, but are not limited to,
26 music and dramatic arts organizations such as symphony
27 orchestras and theatrical groups, arts and cultural service
28 organizations, local arts councils, visual arts organizations,
29 and media arts organizations. On and after the effective date
30 of this amendatory Act of the 92nd General Assembly, however,
31 an entity otherwise eligible for this exemption shall not make
32 tax-free purchases unless it has an active identification

1 number issued by the Department.

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

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

19 (6) Graphic ~~Until July 1, 2003, graphic~~ arts machinery and
20 equipment, including repair and replacement parts, both new and
21 used, and including that manufactured on special order,
22 certified by the purchaser to be used primarily for graphic
23 arts production, and including machinery and equipment
24 purchased for lease. Equipment includes chemicals or chemicals
25 acting as catalysts but only if the chemicals or chemicals
26 acting as catalysts effect a direct and immediate change upon a
27 graphic arts product.

28 (7) Farm chemicals.

29 (8) 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 (9) Personal property purchased from a teacher-sponsored
34 student organization affiliated with an elementary or
35 secondary school located in Illinois.

36 (10) A motor vehicle of the first division, a motor vehicle

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

11 (11) 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 (11). Agricultural chemical tender tanks and dry
26 boxes 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
35 limited to, soil testing sensors, computers, monitors,
36 software, global positioning and mapping systems, and other

1 such equipment.

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

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

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

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

34 (15) Photoprocessing machinery and equipment, including
35 repair and replacement parts, both new and used, including that
36 manufactured on special order, certified by the purchaser to be

1 used primarily for photoprocessing, and including
2 photoprocessing machinery and equipment purchased for lease.

3 (16) Until July 1, 2003, coal exploration, mining,
4 offhighway hauling, processing, maintenance, and reclamation
5 equipment, including replacement parts and equipment, and
6 including equipment purchased for lease, but excluding motor
7 vehicles required to be registered under the Illinois Vehicle
8 Code.

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

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

26 (19) Personal property delivered to a purchaser or
27 purchaser's donee inside Illinois when the purchase order for
28 that personal property was received by a florist located
29 outside Illinois who has a florist located inside Illinois
30 deliver the personal property.

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

33 (21) Horses, or interests in horses, registered with and
34 meeting the requirements of any of the Arabian Horse Club
35 Registry of America, Appaloosa Horse Club, American Quarter
36 Horse Association, United States Trotting Association, or

1 Jockey Club, as appropriate, used for purposes of breeding or
2 racing for prizes.

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

26 (23) Personal property purchased by a lessor who leases the
27 property, under a lease of one year or longer executed or in
28 effect at the time the lessor would otherwise be subject to the
29 tax imposed by this Act, to a governmental body that has been
30 issued an active sales tax exemption identification number by
31 the Department under Section 1g of the Retailers' Occupation
32 Tax Act. If the property is leased in a manner that does not
33 qualify for this exemption or used in any other non-exempt
34 manner, the lessor shall be liable for the tax imposed under
35 this Act or the Service Use Tax Act, as the case may be, based
36 on the fair market value of the property at the time the

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

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

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

32 (26) Beginning July 1, 1999, game or game birds purchased
33 at a "game breeding and hunting preserve area" or an "exotic
34 game hunting area" as those terms are used in the Wildlife Code
35 or at a hunting enclosure approved through rules adopted by the
36 Department of Natural Resources. This paragraph is exempt from

1 the provisions of Section 3-90.

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

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

34 (29) Beginning January 1, 2000 and through December 31,
35 2001, new or used automatic vending machines that prepare and
36 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 3-90.

8 (30) 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 (31) 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 Service Use Tax Act, as the
31 case may be, based on the fair market value of the property at
32 the time the nonqualifying 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
35 Act or the Service Use Tax Act, as the case may be, if the tax
36 has not been paid by the lessor. If a lessor improperly

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

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

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

1 would qualify for the rolling stock exemption otherwise
2 provided for in this Act.

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

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

8 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

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

1 number issued by the Department.

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

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

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

36 Farm machinery and equipment shall include precision

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

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

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

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

32 (10) Until July 1, 2003, oil field exploration, drilling,
33 and production equipment, including (i) rigs and parts of rigs,
34 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
35 tubular goods, including casing and drill strings, (iii) pumps
36 and pump-jack units, (iv) storage tanks and flow lines, (v) any

1 individual replacement part for oil field exploration,
2 drilling, and production equipment, and (vi) machinery and
3 equipment purchased for lease; but excluding motor vehicles
4 required to be registered under the Illinois Vehicle Code.

5 (11) Proceeds from the sale of photoprocessing machinery
6 and equipment, including repair and replacement parts, both new
7 and used, including that manufactured on special order,
8 certified by the purchaser to be used primarily for
9 photoprocessing, and including photoprocessing machinery and
10 equipment purchased for lease.

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

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

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

25 (15) Computers and communications equipment utilized for
26 any hospital purpose and equipment used in the diagnosis,
27 analysis, or treatment of hospital patients purchased by a
28 lessor who leases the equipment, under a lease of one year or
29 longer executed or in effect at the time the lessor would
30 otherwise be subject to the tax imposed by this Act, to a
31 hospital that has been issued an active tax exemption
32 identification number by the Department under Section 1g of the
33 Retailers' Occupation Tax Act. If the equipment is leased in a
34 manner that does not qualify for this exemption or is used in
35 any other non-exempt manner, the lessor shall be liable for the
36 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
35 disaster area in Illinois or bordering Illinois by a
36 manufacturer or retailer that is registered in this State to a

1 corporation, society, association, foundation, or institution
2 that has been issued a sales tax exemption identification
3 number by the Department that assists victims of the disaster
4 who reside within the declared disaster area.

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

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

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

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

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

19 (22) Beginning January 1, 2000 and through December 31,
20 2001, new or used automatic vending machines that prepare and
21 serve hot food and beverages, including coffee, soup, and other
22 items, and replacement parts for these machines. Beginning
23 January 1, 2002 and through June 30, 2003, machines and parts
24 for machines used in commercial, coin-operated amusement and
25 vending business if a use or occupation tax is paid on the
26 gross receipts derived from the use of the commercial,
27 coin-operated amusement and vending machines. This paragraph
28 is exempt from the provisions of Section 3-75.

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

1 resides in a licensed long-term care facility, as defined in
2 the Nursing Home Care Act.

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

27 (25) Beginning on the effective date of this amendatory Act
28 of the 92nd General Assembly, personal property purchased by a
29 lessor who leases the property, under a lease of one year or
30 longer executed or in effect at the time the lessor would
31 otherwise be subject to the tax imposed by this Act, to a
32 governmental body that has been issued an active tax exemption
33 identification number by the Department under Section 1g of the
34 Retailers' Occupation Tax Act. If the property is leased in a
35 manner that does not qualify for this exemption or is used in
36 any other nonexempt manner, the lessor shall be liable for the

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

13 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
14 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
15 92-651, eff. 7-11-02; 93-24, eff. 6-20-03.)

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

18 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

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

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

31 (3) Personal property purchased by any not-for-profit arts
32 or cultural organization that establishes, by proof required by
33 the Department by rule, that it has received an exemption under
34 Section 501(c)(3) of the Internal Revenue Code and that is

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

12 (4) 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 (5) Graphic ~~Until July 1, 2003, graphic~~ arts machinery and
17 equipment, including repair and replacement parts, both new and
18 used, and including that manufactured on special order or
19 purchased for lease, certified by the purchaser to be used
20 primarily for graphic arts production. Equipment includes
21 chemicals or chemicals acting as catalysts but only if the
22 chemicals or chemicals acting as catalysts effect a direct and
23 immediate change upon a graphic arts product.

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

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

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

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

18 Farm machinery and equipment also includes computers,
19 sensors, software, and related equipment used primarily in the
20 computer-assisted operation of production agriculture
21 facilities, equipment, and activities such as, but not limited
22 to, the collection, monitoring, and correlation of animal and
23 crop data for the purpose of formulating animal diets and
24 agricultural chemicals. This item (7) is exempt from the
25 provisions of Section 3-55.

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

33 (9) Proceeds of mandatory service charges separately
34 stated on customers' bills for the purchase and consumption of
35 food and beverages, to the extent that the proceeds of the
36 service charge are in fact turned over as tips or as a

1 substitute for tips to the employees who participate directly
2 in preparing, serving, hosting or cleaning up the food or
3 beverage function with respect to which the service charge is
4 imposed.

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

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

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

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

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

1 (15) Horses, or interests in horses, registered with and
2 meeting the requirements of any of the Arabian Horse Club
3 Registry of America, Appaloosa Horse Club, American Quarter
4 Horse Association, United States Trotting Association, or
5 Jockey Club, as appropriate, used for purposes of breeding or
6 racing for prizes.

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

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

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

31 (19) 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 used in the
34 performance of infrastructure repairs in this State, including
35 but not limited to municipal roads and streets, access roads,
36 bridges, sidewalks, waste disposal systems, water and sewer

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

7 (20) Beginning July 1, 1999, game or game birds sold at a
8 "game breeding and hunting preserve area" or an "exotic game
9 hunting area" as those terms are used in the Wildlife Code or
10 at a hunting enclosure approved through rules adopted by the
11 Department of Natural Resources. This paragraph is exempt from
12 the provisions of Section 3-55.

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

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

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

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

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

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

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

23 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
24 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
25 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 93-24, eff.
26 6-20-03.)

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

29 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

33 (1) Farm chemicals.

34 (2) Farm machinery and equipment, both new and used,

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

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

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

35 (3) Until July 1, 2003, distillation machinery and
36 equipment, sold as a unit or kit, assembled or installed by the

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

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

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

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

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

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

33 (9) Personal property sold to a not-for-profit arts or
34 cultural organization that establishes, by proof required by
35 the Department by rule, that it has received an exemption under
36 Section 501(c)(3) of the Internal Revenue Code and that is

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

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

19 (11) Personal property sold to a governmental body, to a
20 corporation, society, association, foundation, or institution
21 organized and operated exclusively for charitable, religious,
22 or educational purposes, or to a not-for-profit corporation,
23 society, association, foundation, institution, or organization
24 that has no compensated officers or employees and that is
25 organized and operated primarily for the recreation of persons
26 55 years of age or older. A limited liability company may
27 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
32 identification number issued by the Department.

33 (12) Tangible personal property sold to interstate
34 carriers for hire for use as rolling stock moving in interstate
35 commerce or to lessors under leases of one year or longer
36 executed or in effect at the time of purchase by interstate

1 carriers for hire for use as rolling stock moving in interstate
2 commerce and equipment operated by a telecommunications
3 provider, licensed as a common carrier by the Federal
4 Communications Commission, which is permanently installed in
5 or affixed to aircraft moving in interstate commerce.

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

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

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

33 (15) Proceeds of mandatory service charges separately
34 stated on customers' bills for purchase and consumption of food
35 and beverages, to the extent that the proceeds of the service
36 charge are in fact turned over as tips or as a substitute for

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

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

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

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

19 (19) 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 (20) 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 (21) Until July 1, 2003, coal exploration, mining,
34 offhighway hauling, processing, maintenance, and reclamation
35 equipment, including replacement parts and equipment, and
36 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
35 Horse Association, United States Trotting Association, or
36 Jockey Club, as appropriate, used for purposes of breeding or

1 racing for prizes.

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

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

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

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

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

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

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

1 from the sale to the fundraising entity. This paragraph is
2 exempt from the provisions of Section 2-70.

3 (35) Beginning January 1, 2000 and through December 31,
4 2001, new or used automatic vending machines that prepare and
5 serve hot food and beverages, including coffee, soup, and other
6 items, and replacement parts for these machines. Beginning
7 January 1, 2002 and through June 30, 2003, machines and parts
8 for machines used in commercial, coin-operated amusement and
9 vending business if a use or occupation tax is paid on the
10 gross receipts derived from the use of the commercial,
11 coin-operated amusement and vending machines. This paragraph
12 is exempt from the provisions of Section 2-70.

13 (35-5) Food for human consumption that is to be consumed
14 off the premises where it is sold (other than alcoholic
15 beverages, soft drinks, and food that has been prepared for
16 immediate consumption) and prescription and nonprescription
17 medicines, drugs, medical appliances, and insulin, urine
18 testing materials, syringes, and needles used by diabetics, for
19 human use, when purchased for use by a person receiving medical
20 assistance under Article 5 of the Illinois Public Aid Code who
21 resides in a licensed long-term care facility, as defined in
22 the Nursing Home Care Act.

23 (36) Beginning August 2, 2001, computers and
24 communications equipment utilized for any hospital purpose and
25 equipment used in the diagnosis, analysis, or treatment of
26 hospital patients sold to a lessor who leases the equipment,
27 under a lease of one year or longer executed or in effect at
28 the time of the purchase, to a hospital that has been issued an
29 active tax exemption identification number by the Department
30 under Section 1g of this Act. This paragraph is exempt from the
31 provisions of Section 2-70.

32 (37) Beginning August 2, 2001, personal property sold to a
33 lessor who leases the property, under a lease of one year or
34 longer executed or in effect at the time of the purchase, to a
35 governmental body that has been issued an active tax exemption
36 identification number by the Department under Section 1g of

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

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

25 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
26 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
27 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 92-680, eff.
28 7-16-02; 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; revised
29 9-11-03.)