

1 AN ACT concerning revenue.

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

4 Section 5. The Use Tax Act is amended by changing Sections
5 3-5 and 3-55 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) Until July 1, 2003 and beginning again on September 1,
20 2004, graphic arts machinery and equipment, including repair
21 and replacement parts, both new and used, and including that
22 manufactured on special order, certified by the purchaser to be
23 used primarily for graphic arts production, and including
24 machinery and equipment purchased for lease. Equipment
25 includes chemicals or chemicals acting as catalysts but only if
26 the chemicals or chemicals acting as catalysts effect a direct
27 and immediate change upon a 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) Beginning January 1, 2001 and through June 30, 2011,
9 food ~~Food~~ for human consumption that is to be consumed off the
10 premises where it is sold (other than alcoholic beverages, soft
11 drinks, and food that has been prepared for immediate
12 consumption) and prescription and nonprescription medicines,
13 drugs, medical appliances, and insulin, urine testing
14 materials, syringes, and needles used by diabetics, for human
15 use, when purchased for use by a person receiving medical
16 assistance under Article 5 of the Illinois Public Aid Code who
17 resides in a licensed long-term care facility, as defined in
18 the Nursing Home Care Act.

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

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

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

31 (33) On and after July 1, 2003 and through June 30, 2004,
32 the use in this State of motor vehicles of the second division
33 with a gross vehicle weight in excess of 8,000 pounds and that
34 are subject to the commercial distribution fee imposed under
35 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
36 1, 2004 and through June 30, 2005, the use in this State of

1 motor vehicles of the second division: (i) with a gross vehicle
2 weight rating in excess of 8,000 pounds; (ii) that are subject
3 to the commercial distribution fee imposed under Section
4 3-815.1 of the Illinois Vehicle Code; and (iii) that are
5 primarily used for commercial purposes. Through June 30, 2005,
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. For
10 purposes of this paragraph, the term "used for commercial
11 purposes" means the transportation of persons or property in
12 furtherance of any commercial or industrial enterprise,
13 whether for-hire or not.

14 (Source: P.A. 92-35, eff. 7-1-01; 92-227, eff. 8-2-01; 92-337,
15 eff. 8-10-01; 92-484, eff. 8-23-01; 92-651, eff. 7-11-02;
16 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; 93-840, eff. 7-30-04;
17 93-1033, eff. 9-3-04; revised 10-21-04.)

18 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

19 Sec. 3-55. Multistate exemption. To prevent actual or
20 likely multistate taxation, the tax imposed by this Act does
21 not apply to the use of tangible personal property in this
22 State under the following circumstances:

23 (a) The use, in this State, of tangible personal property
24 acquired outside this State by a nonresident individual and
25 brought into this State by the individual for his or her own
26 use while temporarily within this State or while passing
27 through this State.

28 (b) The use, in this State, of tangible personal property
29 by an interstate carrier for hire as rolling stock moving in
30 interstate commerce or by lessors under a lease of one year or
31 longer executed or in effect at the time of purchase of
32 tangible personal property by interstate carriers for-hire for
33 use as rolling stock moving in interstate commerce as long as
34 so used by the interstate carriers for-hire, and equipment
35 operated by a telecommunications provider, licensed as a common

1 carrier by the Federal Communications Commission, which is
2 permanently installed in or affixed to aircraft moving in
3 interstate commerce.

4 (c) The use, in this State, by owners, lessors, or shippers
5 of tangible personal property that is utilized by interstate
6 carriers for hire for use as rolling stock moving in interstate
7 commerce as long as so used by the interstate carriers for
8 hire, and equipment operated by a telecommunications provider,
9 licensed as a common carrier by the Federal Communications
10 Commission, which is permanently installed in or affixed to
11 aircraft moving in interstate commerce.

12 (d) The use, in this State, of tangible personal property
13 that is acquired outside this State and caused to be brought
14 into this State by a person who has already paid a tax in
15 another State in respect to the sale, purchase, or use of that
16 property, to the extent of the amount of the tax properly due
17 and paid in the other State.

18 (e) The temporary storage, in this State, of tangible
19 personal property that is acquired outside this State and that,
20 after being brought into this State and stored here
21 temporarily, is used solely outside this State or is physically
22 attached to or incorporated into other tangible personal
23 property that is used solely outside this State, or is altered
24 by converting, fabricating, manufacturing, printing,
25 processing, or shaping, and, as altered, is used solely outside
26 this State.

27 (f) The temporary storage in this State of building
28 materials and fixtures that are acquired either in this State
29 or outside this State by an Illinois registered combination
30 retailer and construction contractor, and that the purchaser
31 thereafter uses outside this State by incorporating that
32 property into real estate located outside this State.

33 (g) The use or purchase of tangible personal property by a
34 common carrier by rail or motor that receives the physical
35 possession of the property in Illinois, and that transports the
36 property, or shares with another common carrier in the

1 transportation of the property, out of Illinois on a standard
2 uniform bill of lading showing the seller of the property as
3 the shipper or consignor of the property to a destination
4 outside Illinois, for use outside Illinois.

5 (h) Except as provided in subsection (h-1), the use, in
6 this State, of a motor vehicle that was sold in this State to a
7 nonresident, even though the motor vehicle is delivered to the
8 nonresident in this State, if the motor vehicle is not to be
9 titled in this State, and if a drive-away permit is issued to
10 the motor vehicle as provided in Section 3-603 of the Illinois
11 Vehicle Code or if the nonresident purchaser has vehicle
12 registration plates to transfer to the motor vehicle upon
13 returning to his or her home state. The issuance of the
14 drive-away permit or having the out-of-state registration
15 plates to be transferred shall be prima facie evidence that the
16 motor vehicle will not be titled in this State.

17 (h-1) The exemption under subsection (h) does not apply if
18 the state in which the motor vehicle will be titled does not
19 allow a reciprocal exemption for the use in that state of a
20 motor vehicle sold and delivered in that state to an Illinois
21 resident but titled in Illinois. The tax collected under this
22 Act on the sale of a motor vehicle in this State to a resident
23 of another state that does not allow a reciprocal exemption
24 shall be imposed at a rate equal to the state's rate of tax on
25 taxable property in the state in which the purchaser is a
26 resident, except that the tax shall not exceed the tax that
27 would otherwise be imposed under this Act. At the time of the
28 sale, the purchaser shall execute a statement, signed under
29 penalty of perjury, of his or her intent to title the vehicle
30 in the state in which the purchaser is a resident within 30
31 days after the sale and of the fact of the payment to the State
32 of Illinois of tax in an amount equivalent to the state's rate
33 of tax on taxable property in his or her state of residence and
34 shall submit the statement to the appropriate tax collection
35 agency in his or her state of residence. In addition, the
36 retailer must retain a signed copy of the statement in his or

1 her records. Nothing in this subsection shall be construed to
2 require the removal of the vehicle from this state following
3 the filing of an intent to title the vehicle in the purchaser's
4 state of residence if the purchaser titles the vehicle in his
5 or her state of residence within 30 days after the date of
6 sale. The tax collected under this Act in accordance with this
7 subsection (h-1) shall be proportionately distributed as if the
8 tax were collected at the 6.25% general rate imposed under this
9 Act.

10 (i) Beginning July 1, 1999, the use, in this State, of fuel
11 acquired outside this State and brought into this State in the
12 fuel supply tanks of locomotives engaged in freight hauling and
13 passenger service for interstate commerce. This subsection is
14 exempt from the provisions of Section 3-90.

15 (j) Beginning on January 1, 2002 and through June 30, 2011,
16 the use of tangible personal property purchased from an
17 Illinois retailer by a taxpayer engaged in centralized
18 purchasing activities in Illinois who will, upon receipt of the
19 property in Illinois, temporarily store the property in
20 Illinois (i) for the purpose of subsequently transporting it
21 outside this State for use or consumption thereafter solely
22 outside this State or (ii) for the purpose of being processed,
23 fabricated, or manufactured into, attached to, or incorporated
24 into other tangible personal property to be transported outside
25 this State and thereafter used or consumed solely outside this
26 State. The Director of Revenue shall, pursuant to rules adopted
27 in accordance with the Illinois Administrative Procedure Act,
28 issue a permit to any taxpayer in good standing with the
29 Department who is eligible for the exemption under this
30 subsection (j). The permit issued under this subsection (j)
31 shall authorize the holder, to the extent and in the manner
32 specified in the rules adopted under this Act, to purchase
33 tangible personal property from a retailer exempt from the
34 taxes imposed by this Act. Taxpayers shall maintain all
35 necessary books and records to substantiate the use and
36 consumption of all such tangible personal property outside of

1 the State of Illinois.

2 (Source: P.A. 92-16, eff. 6-28-01; 92-488, eff. 8-23-01;
3 92-680, eff. 7-16-02; 92-23, eff. 6-20-03; 93-1068, eff.
4 1-15-05.)

5 Section 10. The Service Use Tax Act is amended by changing
6 Sections 3-5 and 3-45 as follows:

7 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

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

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

5 (5) Until July 1, 2003 and beginning again on September 1,
6 2004, graphic arts machinery and equipment, including repair
7 and replacement parts, both new and used, and including that
8 manufactured on special order or purchased for lease, certified
9 by the purchaser to be used primarily for graphic arts
10 production. Equipment includes chemicals or chemicals acting
11 as catalysts but only if the chemicals or chemicals acting as
12 catalysts effect a direct and immediate change upon a graphic
13 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) Beginning August 23, 2001 and through June 30, 2011,
30 food ~~Food~~ for human consumption that is to be consumed off the
31 premises where it is sold (other than alcoholic beverages, soft
32 drinks, and food that has been prepared for immediate
33 consumption) and prescription and nonprescription medicines,
34 drugs, medical appliances, and insulin, urine testing
35 materials, syringes, and needles used by diabetics, for human
36 use, when purchased for use by a person receiving medical

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

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

28 (25) Beginning on the effective date of this amendatory Act
29 of the 92nd General Assembly, personal property purchased by a
30 lessor who leases the property, under a lease of one year or
31 longer executed or in effect at the time the lessor would
32 otherwise be subject to the tax imposed by this Act, 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. If the property is leased in a
36 manner that does not qualify for this exemption or is used in

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

14 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
15 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
16 92-651, eff. 7-11-02; 93-24, eff. 6-20-03; 93-840, eff.
17 7-30-04.)

18 (35 ILCS 110/3-45) (from Ch. 120, par. 439.33-45)

19 Sec. 3-45. Multistate exemption. To prevent actual or
20 likely multistate taxation, the tax imposed by this Act does
21 not apply to the use of tangible personal property in this
22 State under the following circumstances:

23 (a) The use, in this State, of property acquired outside
24 this State by a nonresident individual and brought into this
25 State by the individual for his or her own use while
26 temporarily within this State or while passing through this
27 State.

28 (b) The use, in this State, of property that is acquired
29 outside this State and that is moved into this State for use as
30 rolling stock moving in interstate commerce.

31 (c) The use, in this State, of property that is acquired
32 outside this State and caused to be brought into this State by
33 a person who has already paid a tax in another state in respect
34 to the sale, purchase, or use of that property, to the extent
35 of the amount of the tax properly due and paid in the other

1 state.

2 (d) The temporary storage, in this State, of property that
3 is acquired outside this State and that after being brought
4 into this State and stored here temporarily, is used solely
5 outside this State or is physically attached to or incorporated
6 into other property that is used solely outside this State, or
7 is altered by converting, fabricating, manufacturing,
8 printing, processing, or shaping, and, as altered, is used
9 solely outside this State.

10 (e) Beginning July 1, 1999, the use, in this State, of fuel
11 acquired outside this State and brought into this State in the
12 fuel supply tanks of locomotives engaged in freight hauling and
13 passenger service for interstate commerce. This subsection is
14 exempt from the provisions of Section 3-75.

15 (f) Beginning on January 1, 2002 and through June 30, 2011,
16 the use of tangible personal property purchased from an
17 Illinois retailer by a taxpayer engaged in centralized
18 purchasing activities in Illinois who will, upon receipt of the
19 property in Illinois, temporarily store the property in
20 Illinois (i) for the purpose of subsequently transporting it
21 outside this State for use or consumption thereafter solely
22 outside this State or (ii) for the purpose of being processed,
23 fabricated, or manufactured into, attached to, or incorporated
24 into other tangible personal property to be transported outside
25 this State and thereafter used or consumed solely outside this
26 State. The Director of Revenue shall, pursuant to rules adopted
27 in accordance with the Illinois Administrative Procedure Act,
28 issue a permit to any taxpayer in good standing with the
29 Department who is eligible for the exemption under this
30 subsection (f). The permit issued under this subsection (f)
31 shall authorize the holder, to the extent and in the manner
32 specified in the rules adopted under this Act, to purchase
33 tangible personal property from a retailer exempt from the
34 taxes imposed by this Act. Taxpayers shall maintain all
35 necessary books and records to substantiate the use and
36 consumption of all such tangible personal property outside of

1 the State of Illinois.

2 (Source: P.A. 92-16, eff. 6-28-01; 92-488, eff. 8-23-01; 93-23,
3 eff. 6-20-03.)

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

6 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

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

34 (4) Legal tender, currency, medallions, or gold or silver

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

4 (5) Until July 1, 2003 and beginning again on September 1,
5 2004, graphic arts machinery and equipment, including repair
6 and replacement parts, both new and used, and including that
7 manufactured on special order or purchased for lease, certified
8 by the purchaser to be used primarily for graphic arts
9 production. Equipment includes chemicals or chemicals acting
10 as catalysts but only if the chemicals or chemicals acting as
11 catalysts effect a direct and immediate change upon a graphic
12 arts product.

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

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

35 Farm machinery and equipment shall include precision
36 farming equipment that is installed or purchased to be

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

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

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

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

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

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

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

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

14 (13) Beginning January 1, 1992 and through June 30, 2011,
15 food ~~Food~~ for human consumption that is to be consumed off the
16 premises where it is sold (other than alcoholic beverages, soft
17 drinks and food that has been prepared for immediate
18 consumption) and prescription and non-prescription medicines,
19 drugs, medical appliances, and insulin, urine testing
20 materials, syringes, and needles used by diabetics, for human
21 use, when purchased for use by a person receiving medical
22 assistance under Article 5 of the Illinois Public Aid Code who
23 resides in a licensed long-term care facility, as defined in
24 the Nursing Home Care Act.

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

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

33 (16) Computers and communications equipment utilized for
34 any hospital purpose and equipment used in the diagnosis,
35 analysis, or treatment of hospital patients sold to a lessor
36 who leases the equipment, under a lease of one year or longer

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

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

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

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

33 (20) Beginning July 1, 1999, game or game birds sold at a
34 "game breeding and hunting preserve area" or an "exotic game
35 hunting area" as those terms are used in the Wildlife Code or
36 at a hunting enclosure approved through rules adopted by the

1 Department of Natural Resources. This paragraph is exempt from
2 the provisions of Section 3-55.

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

21 (22) Beginning January 1, 2000, personal property,
22 including food, purchased through fundraising events for the
23 benefit of a public or private elementary or secondary school,
24 a group of those schools, or one or more school districts if
25 the events are sponsored by an entity recognized by the school
26 district that consists primarily of volunteers and includes
27 parents and teachers of the school children. This paragraph
28 does not apply to fundraising events (i) for the benefit of
29 private home instruction or (ii) for which the fundraising
30 entity purchases the personal property sold at the events from
31 another individual or entity that sold the property for the
32 purpose of resale by the fundraising entity and that profits
33 from the sale to the fundraising entity. This paragraph is
34 exempt from the provisions of Section 3-55.

35 (23) Beginning January 1, 2000 and through December 31,
36 2001, new or used automatic vending machines that prepare and

1 serve hot food and beverages, including coffee, soup, and other
2 items, and replacement parts for these machines. Beginning
3 January 1, 2002 and through June 30, 2003, machines and parts
4 for machines used in commercial, coin-operated amusement and
5 vending business if a use or occupation tax is paid on the
6 gross receipts derived from the use of the commercial,
7 coin-operated amusement and vending machines. This paragraph
8 is exempt from the provisions of Section 3-55.

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 sold to a lessor who leases the equipment, under a lease of one
14 year or longer executed or in effect at the time of the
15 purchase, to a hospital that has been issued an active tax
16 exemption identification number by the Department under
17 Section 1g of the Retailers' Occupation Tax Act. This paragraph
18 is exempt from the provisions of Section 3-55.

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

27 (26) Beginning on January 1, 2002 and through June 30,
28 2011, tangible personal property purchased from an Illinois
29 retailer by a taxpayer engaged in centralized purchasing
30 activities in Illinois who will, upon receipt of the property
31 in Illinois, temporarily store the property in Illinois (i) for
32 the purpose of subsequently transporting it outside this State
33 for use or consumption thereafter solely outside this State or
34 (ii) for the purpose of being processed, fabricated, or
35 manufactured into, attached to, or incorporated into other
36 tangible personal property to be transported outside this State

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

14 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
15 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
16 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 93-24, eff.
17 6-20-03; 93-840, eff. 7-30-04.)

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

20 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

24 (1) Farm chemicals.

25 (2) Farm machinery and equipment, both new and used,
26 including that manufactured on special order, certified by the
27 purchaser to be used primarily for production agriculture or
28 State or federal agricultural programs, including individual
29 replacement parts for the machinery and equipment, including
30 machinery and equipment purchased for lease, and including
31 implements of husbandry defined in Section 1-130 of the
32 Illinois Vehicle Code, farm machinery and agricultural
33 chemical and fertilizer spreaders, and nurse wagons required to
34 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 (2). 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 2-70.

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

32 (4) Until July 1, 2003 and beginning again September 1,
33 2004, graphic arts machinery and equipment, including repair
34 and replacement parts, both new and used, and including that
35 manufactured on special order or purchased for lease, certified
36 by the purchaser to be used primarily for graphic arts

1 production. Equipment includes chemicals or chemicals acting
2 as catalysts but only if the chemicals or chemicals acting as
3 catalysts effect a direct and immediate change upon a graphic
4 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,
35 and media arts organizations. On and after the effective date
36 of this amendatory Act of the 92nd General Assembly, however,

1 an entity otherwise eligible for this exemption shall not make
2 tax-free purchases unless it has an active identification
3 number issued by the Department.

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

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

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

34 (12-5) On and after July 1, 2003 and through June 30, 2004,
35 motor vehicles of the second division with a gross vehicle
36 weight in excess of 8,000 pounds that are subject to the

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

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

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

35 (15) Proceeds of mandatory service charges separately
36 stated on customers' bills for purchase and consumption of food

1 and beverages, to the extent that the proceeds of the service
2 charge are in fact turned over as tips or as a substitute for
3 tips to the employees who participate directly in preparing,
4 serving, hosting or cleaning up the food or beverage function
5 with respect to which the service charge is imposed.

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

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

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

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

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

35 (21) Until July 1, 2003, coal exploration, mining,
36 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 (22) Fuel and petroleum products sold to or used by an air
6 carrier, certified by the carrier to be used for consumption,
7 shipment, or storage in the conduct of its business as an air
8 common carrier, for a flight destined for or returning from a
9 location or locations outside the United States without regard
10 to previous or subsequent domestic stopovers.

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

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

21 (25) Except as provided in item (25-5) of this Section, a
22 motor vehicle sold in this State to a nonresident even though
23 the motor vehicle is delivered to the nonresident in this
24 State, if the motor vehicle is not to be titled in this State,
25 and if a drive-away permit is issued to the motor vehicle as
26 provided in Section 3-603 of the Illinois Vehicle Code or if
27 the nonresident purchaser has vehicle registration plates to
28 transfer to the motor vehicle upon returning to his or her home
29 state. The issuance of the drive-away permit or having the
30 out-of-state registration plates to be transferred is prima
31 facie evidence that the motor vehicle will not be titled in
32 this State.

33 (25-5) The exemption under item (25) does not apply if the
34 state in which the motor vehicle will be titled does not allow
35 a reciprocal exemption for a motor vehicle sold and delivered
36 in that state to an Illinois resident but titled in Illinois.

1 The tax collected under this Act on the sale of a motor vehicle
2 in this State to a resident of another state that does not
3 allow a reciprocal exemption shall be imposed at a rate equal
4 to the state's rate of tax on taxable property in the state in
5 which the purchaser is a resident, except that the tax shall
6 not exceed the tax that would otherwise be imposed under this
7 Act. At the time of the sale, the purchaser shall execute a
8 statement, signed under penalty of perjury, of his or her
9 intent to title the vehicle in the state in which the purchaser
10 is a resident within 30 days after the sale and of the fact of
11 the payment to the State of Illinois of tax in an amount
12 equivalent to the state's rate of tax on taxable property in
13 his or her state of residence and shall submit the statement to
14 the appropriate tax collection agency in his or her state of
15 residence. In addition, the retailer must retain a signed copy
16 of the statement in his or her records. Nothing in this item
17 shall be construed to require the removal of the vehicle from
18 this state following the filing of an intent to title the
19 vehicle in the purchaser's state of residence if the purchaser
20 titles the vehicle in his or her state of residence within 30
21 days after the date of sale. The tax collected under this Act
22 in accordance with this item (25-5) shall be proportionately
23 distributed as if the tax were collected at the 6.25% general
24 rate imposed under this Act.

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

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

33 (28) Computers and communications equipment utilized for
34 any hospital purpose and equipment used in the diagnosis,
35 analysis, or treatment of hospital patients sold to a lessor
36 who leases the equipment, under a lease of one year or longer

1 executed or in effect at the time of the purchase, to a
2 hospital that has been issued an active tax exemption
3 identification number by the Department under Section 1g of
4 this Act.

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

10 (30) 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 (31) 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 (32) Beginning July 1, 1999, game or game birds sold at a
33 "game breeding and hunting preserve area" or an "exotic game
34 hunting area" as those terms are used in the Wildlife Code or
35 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 2-70.

2 (33) 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 (34) 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 2-70.

34 (35) 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 2-70.

8 (35-5) Beginning August 23, 2001 and through June 30, 2011,
9 food ~~Food~~ for human consumption that is to be consumed off the
10 premises where it is sold (other than alcoholic beverages, soft
11 drinks, and food that has been prepared for immediate
12 consumption) and prescription and nonprescription medicines,
13 drugs, medical appliances, and insulin, urine testing
14 materials, syringes, and needles used by diabetics, for human
15 use, when purchased for use by a person receiving medical
16 assistance under Article 5 of the Illinois Public Aid Code who
17 resides in a licensed long-term care facility, as defined in
18 the Nursing Home Care Act.

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

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

35 (38) Beginning on January 1, 2002 and through June 30,
36 2011, tangible personal property purchased from an Illinois

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

22 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
23 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
24 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 92-680, eff.
25 7-16-02; 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; 93-840, eff.
26 7-30-04; 93-1033, eff. 9-3-04; 93-1068, eff. 1-15-05.)

27 Section 25. The Property Tax Code is amended by changing
28 Section 10-152 as follows:

29 (35 ILCS 200/10-152)

30 (Section scheduled to be repealed on December 31, 2006)

31 Sec. 10-152. Vegetative filter strip assessment.

32 (a) In counties with less than 3,000,000 inhabitants, any
33 land (i) that is located between a farm field and an area to be
34 protected, including but not limited to surface water, a

1 stream, a river, or a sinkhole and (ii) that meets the
2 requirements of subsection (b) of this Section shall be
3 considered a "vegetative filter strip" and valued at 1/6th of
4 its productivity index equalized assessed value as cropland. In
5 counties with 3,000,000 or more inhabitants, the land shall be
6 valued at the lesser of either (i) 16% of the fair cash value
7 of the farmland estimated at the price it would bring at a
8 fair, voluntary sale for use by the buyer as a farm as defined
9 in Section 1-60 or (ii) 90% of the 1983 average equalized
10 assessed value per acre certified by the Department of Revenue.

11 (b) Vegetative filter strips shall meet the standards and
12 specifications set forth in the Natural Resources Conservation
13 Service Technical Guide and shall contain vegetation that (i)
14 has a dense top growth; (ii) forms a uniform ground cover;
15 (iii) has a heavy fibrous root system; and (iv) tolerates
16 pesticides used in the farm field.

17 (c) The county's soil and water conservation district shall
18 assist the taxpayer in completing a uniform certified document
19 as prescribed by the Department of Revenue in cooperation with
20 the Association of Illinois Soil and Water Conservation
21 Districts that certifies (i) that the property meets the
22 requirements established under this Section for vegetative
23 filter strips and (ii) the acreage or square footage of
24 property that qualifies for assessment as a vegetative filter
25 strip. The document shall be filed by the applicant with the
26 Chief County Assessment Officer. The Chief County Assessment
27 Officer shall promulgate rules concerning the filing of the
28 document. The soil and water conservation district shall create
29 a conservation plan for the creation of the filter strip. The
30 plan shall be kept on file in the soil and water conservation
31 district office. Nothing in this Section shall be construed to
32 require any taxpayer to have vegetative filter strips.

33 (d) A joint report by the Department of Agriculture and the
34 Department of Natural Resources concerning the effect and
35 impact of vegetative filter strip assessment shall be submitted
36 to the General Assembly by March 1, 2006.

1 (e) This Section is repealed on December 31, 2016 ~~December~~
2 ~~31, 2006~~.

3 (Source: P.A. 89-606, eff. 1-1-97; 90-552, eff. 12-12-97.)

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.