



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB4015

Introduced 1/20/2012, by Rep. David R. Leitch

#### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5  
35 ILCS 110/3-5  
35 ILCS 115/3-5  
35 ILCS 120/2-5

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the purchase or use of a waste oil furnace or a waste oil boiler is exempt from taxation under the Acts. Effective immediately.

LRB097 16799 HLH 61979 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

7 (Text of Section before amendment by P.A. 97-636)

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 not-for-profit  
18 Illinois county fair association for use in conducting,  
19 operating, or 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

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

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

26 (5) Until July 1, 2003, a passenger car that is a

1 replacement vehicle to the extent that the purchase price of  
2 the car is subject to the Replacement Vehicle Tax.

3 (6) Until July 1, 2003 and beginning again on September 1,  
4 2004 through August 30, 2014, graphic arts machinery and  
5 equipment, including repair and replacement parts, both new and  
6 used, and including that manufactured on special order,  
7 certified by the purchaser to be used primarily for graphic  
8 arts production, and including machinery and equipment  
9 purchased for lease. Equipment includes chemicals or chemicals  
10 acting as catalysts but only if the chemicals or chemicals  
11 acting as catalysts effect a direct and immediate change upon a  
12 graphic arts product.

13 (7) Farm chemicals.

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

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

21 (10) A motor vehicle of the first division, a motor vehicle  
22 of the second division that is a self-contained motor vehicle  
23 designed or permanently converted to provide living quarters  
24 for recreational, camping, or travel use, with direct walk  
25 through to the living quarters from the driver's seat, or a  
26 motor vehicle of the second division that is of the van

1 configuration designed for the transportation of not less than  
2 7 nor more than 16 passengers, as defined in Section 1-146 of  
3 the Illinois Vehicle Code, that is used for automobile renting,  
4 as defined in the Automobile Renting Occupation and Use Tax  
5 Act.

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

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

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

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

15 (12) 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 (13) Proceeds of mandatory service charges separately  
23 stated on customers' bills for the purchase and consumption of  
24 food and beverages purchased at retail from a retailer, to the  
25 extent that the proceeds of the service charge are in fact  
26 turned over as tips or as a substitute for tips to the

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

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

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

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

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

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

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

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

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

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



1 racing for prizes. This item (21) is exempt from the provisions  
2 of Section 3-90, and the exemption provided for under this item  
3 (21) applies for all periods beginning May 30, 1995, but no  
4 claim for credit or refund is allowed on or after January 1,  
5 2008 for such taxes paid during the period beginning May 30,  
6 2000 and ending on January 1, 2008.

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

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

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

24 (24) Beginning with taxable years ending on or after  
25 December 31, 1995 and ending with taxable years ending on or  
26 before December 31, 2004, personal property that is donated for

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

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

20 (26) Beginning July 1, 1999, game or game birds purchased  
21 at a "game breeding and hunting preserve area" as that term is  
22 used in the Wildlife Code. This paragraph is exempt from the  
23 provisions of Section 3-90.

24 (27) A motor vehicle, as that term is defined in Section  
25 1-146 of the Illinois Vehicle Code, that is donated to a  
26 corporation, limited liability company, society, association,

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

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

1 purpose of resale by the fundraising entity and that profits  
2 from the sale to the fundraising entity. This paragraph is  
3 exempt from the provisions of Section 3-90.

4 (29) Beginning January 1, 2000 and through December 31,  
5 2001, new or used automatic vending machines that prepare and  
6 serve hot food and beverages, including coffee, soup, and other  
7 items, and replacement parts for these machines. Beginning  
8 January 1, 2002 and through June 30, 2003, machines and parts  
9 for machines used in commercial, coin-operated amusement and  
10 vending business if a use or occupation tax is paid on the  
11 gross receipts derived from the use of the commercial,  
12 coin-operated amusement and vending machines. This paragraph  
13 is exempt from the provisions of Section 3-90.

14 (30) Beginning January 1, 2001 and through June 30, 2011,  
15 food for human consumption that is to be consumed off the  
16 premises where it is sold (other than alcoholic beverages, soft  
17 drinks, and food that has been prepared for immediate  
18 consumption) and prescription and nonprescription medicines,  
19 drugs, medical appliances, and insulin, urine testing  
20 materials, syringes, and needles used by diabetics, for human  
21 use, when purchased for use by a person receiving medical  
22 assistance under Article V of the Illinois Public Aid Code who  
23 resides in a licensed long-term care facility, as defined in  
24 the Nursing Home Care Act, or in a licensed facility as defined  
25 in the ID/DD Community Care Act or the Specialized Mental  
26 Health Rehabilitation Act.

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

26           (32) Beginning on the effective date of this amendatory Act

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

23 (33) On and after July 1, 2003 and through June 30, 2004,  
24 the use in this State of motor vehicles of the second division  
25 with a gross vehicle weight in excess of 8,000 pounds and that  
26 are subject to the commercial distribution fee imposed under

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

16 (34) Beginning January 1, 2008, tangible personal property  
17 used in the construction or maintenance of a community water  
18 supply, as defined under Section 3.145 of the Environmental  
19 Protection Act, that is operated by a not-for-profit  
20 corporation that holds a valid water supply permit issued under  
21 Title IV of the Environmental Protection Act. This paragraph is  
22 exempt from the provisions of Section 3-90.

23 (35) Beginning January 1, 2010, materials, parts,  
24 equipment, components, and furnishings incorporated into or  
25 upon an aircraft as part of the modification, refurbishment,  
26 completion, replacement, repair, or maintenance of the



1 aircraft. This exemption includes consumable supplies used in  
2 the modification, refurbishment, completion, replacement,  
3 repair, and maintenance of aircraft, but excludes any  
4 materials, parts, equipment, components, and consumable  
5 supplies used in the modification, replacement, repair, and  
6 maintenance of aircraft engines or power plants, whether such  
7 engines or power plants are installed or uninstalled upon any  
8 such aircraft. "Consumable supplies" include, but are not  
9 limited to, adhesive, tape, sandpaper, general purpose  
10 lubricants, cleaning solution, latex gloves, and protective  
11 films. This exemption applies only to those organizations that  
12 (i) hold an Air Agency Certificate and are empowered to operate  
13 an approved repair station by the Federal Aviation  
14 Administration, (ii) have a Class IV Rating, and (iii) conduct  
15 operations in accordance with Part 145 of the Federal Aviation  
16 Regulations. The exemption does not include aircraft operated  
17 by a commercial air carrier providing scheduled passenger air  
18 service pursuant to authority issued under Part 121 or Part 129  
19 of the Federal Aviation Regulations.

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

1 of the completion of the municipal convention hall or upon the  
2 retirement or redemption of any bonds or other debt instruments  
3 issued by the public-facilities corporation in connection with  
4 the development of the municipal convention hall. This  
5 exemption includes existing public-facilities corporations as  
6 provided in Section 11-65-25 of the Illinois Municipal Code.  
7 This paragraph is exempt from the provisions of Section 3-90.

8 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
9 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
10 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.  
11 8-16-11; revised 9-12-11.)

12 (Text of Section after amendment by P.A. 97-636)

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

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

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

25 (3) Personal property purchased by a not-for-profit arts or

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

15 (4) Personal property purchased by a governmental body, by  
16 a corporation, society, association, foundation, or  
17 institution organized and operated exclusively for charitable,  
18 religious, or educational purposes, or by a not-for-profit  
19 corporation, society, association, foundation, institution, or  
20 organization that has no compensated officers or employees and  
21 that is organized and operated primarily for the recreation of  
22 persons 55 years of age or older. A limited liability company  
23 may qualify for the exemption under this paragraph only if the  
24 limited liability company is organized and operated  
25 exclusively for educational purposes. On and after July 1,  
26 1987, however, no entity otherwise eligible for this exemption

1 shall make tax-free purchases unless it has an active exemption  
2 identification number issued by the Department.

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

6 (6) Until July 1, 2003 and beginning again on September 1,  
7 2004 through August 30, 2014, graphic arts machinery and  
8 equipment, including repair and replacement parts, both new and  
9 used, and including that manufactured on special order,  
10 certified by the purchaser to be used primarily for graphic  
11 arts production, and including machinery and equipment  
12 purchased for lease. Equipment includes chemicals or chemicals  
13 acting as catalysts but only if the chemicals or chemicals  
14 acting as catalysts effect a direct and immediate change upon a  
15 graphic arts product.

16 (7) Farm chemicals.

17 (8) 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 (9) Personal property purchased from a teacher-sponsored  
22 student organization affiliated with an elementary or  
23 secondary school located in Illinois.

24 (10) A motor vehicle of the first division, a motor vehicle  
25 of the second division that is a self-contained motor vehicle  
26 designed or permanently converted to provide living quarters

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

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

1 tender is separately stated.

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

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

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

25 (13) Proceeds of mandatory service charges separately  
26 stated on customers' bills for the purchase and consumption of

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

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

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

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

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

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

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

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

25           (21) Horses, or interests in horses, registered with and  
26 meeting the requirements of any of the Arabian Horse Club



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

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

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

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

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

23           (26) Beginning July 1, 1999, game or game birds purchased  
24 at a "game breeding and hunting preserve area" as that term is  
25 used in the Wildlife Code. This paragraph is exempt from the  
26 provisions of Section 3-90.

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

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

1 private home instruction or (ii) for which the fundraising  
2 entity purchases the personal property sold at the events from  
3 another individual or entity that sold the property for the  
4 purpose of resale by the fundraising entity and that profits  
5 from the sale to the fundraising entity. This paragraph is  
6 exempt from the provisions of Section 3-90.

7 (29) Beginning January 1, 2000 and through December 31,  
8 2001, new or used automatic vending machines that prepare and  
9 serve hot food and beverages, including coffee, soup, and other  
10 items, and replacement parts for these machines. Beginning  
11 January 1, 2002 and through June 30, 2003, machines and parts  
12 for machines used in commercial, coin-operated amusement and  
13 vending business if a use or occupation tax is paid on the  
14 gross receipts derived from the use of the commercial,  
15 coin-operated amusement and vending machines. This paragraph  
16 is exempt from the provisions of Section 3-90.

17 (30) Beginning January 1, 2001 and through June 30, 2016,  
18 food for human consumption that is to be consumed off the  
19 premises where it is sold (other than alcoholic beverages, soft  
20 drinks, and food that has been prepared for immediate  
21 consumption) and prescription and nonprescription medicines,  
22 drugs, medical appliances, and insulin, urine testing  
23 materials, syringes, and needles used by diabetics, for human  
24 use, when purchased for use by a person receiving medical  
25 assistance under Article V of the Illinois Public Aid Code who  
26 resides in a licensed long-term care facility, as defined in

1 the Nursing Home Care Act, or in a licensed facility as defined  
2 in the ID/DD Community Care Act or the Specialized Mental  
3 Health Rehabilitation Act.

4 (31) 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 Service Use Tax Act, as the  
17 case may be, based on the fair market value of the property at  
18 the time the nonqualifying use occurs. No lessor shall collect  
19 or attempt to collect an amount (however designated) that  
20 purports to reimburse that lessor for the tax imposed by this  
21 Act or the Service Use Tax Act, as the case may be, if the tax  
22 has not been paid by the lessor. If a lessor improperly  
23 collects any such amount from the lessee, the lessee shall have  
24 a legal right to claim a refund of that amount from the lessor.  
25 If, however, that amount is not refunded to the lessee for any  
26 reason, the lessor is liable to pay that amount to the

1 Department. This paragraph is exempt from the provisions of  
2 Section 3-90.

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

26 (33) On and after July 1, 2003 and through June 30, 2004,

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

19 (34) Beginning January 1, 2008, tangible personal property  
20 used in the construction or maintenance of a community water  
21 supply, as defined under Section 3.145 of the Environmental  
22 Protection Act, that is operated by a not-for-profit  
23 corporation that holds a valid water supply permit issued under  
24 Title IV of the Environmental Protection Act. This paragraph is  
25 exempt from the provisions of Section 3-90.

26 (35) Beginning January 1, 2010, materials, parts,



1 equipment, components, and furnishings incorporated into or  
2 upon an aircraft as part of the modification, refurbishment,  
3 completion, replacement, repair, or maintenance of the  
4 aircraft. This exemption includes consumable supplies used in  
5 the modification, refurbishment, completion, replacement,  
6 repair, and maintenance of aircraft, but excludes any  
7 materials, parts, equipment, components, and consumable  
8 supplies used in the modification, replacement, repair, and  
9 maintenance of aircraft engines or power plants, whether such  
10 engines or power plants are installed or uninstalled upon any  
11 such aircraft. "Consumable supplies" include, but are not  
12 limited to, adhesive, tape, sandpaper, general purpose  
13 lubricants, cleaning solution, latex gloves, and protective  
14 films. This exemption applies only to those organizations that  
15 (i) hold an Air Agency Certificate and are empowered to operate  
16 an approved repair station by the Federal Aviation  
17 Administration, (ii) have a Class IV Rating, and (iii) conduct  
18 operations in accordance with Part 145 of the Federal Aviation  
19 Regulations. The exemption does not include aircraft operated  
20 by a commercial air carrier providing scheduled passenger air  
21 service pursuant to authority issued under Part 121 or Part 129  
22 of the Federal Aviation Regulations.

23 (36) Tangible personal property purchased by a  
24 public-facilities corporation, as described in Section  
25 11-65-10 of the Illinois Municipal Code, for purposes of  
26 constructing or furnishing a municipal convention hall, but

1 only if the legal title to the municipal convention hall is  
2 transferred to the municipality without any further  
3 consideration by or on behalf of the municipality at the time  
4 of the completion of the municipal convention hall or upon the  
5 retirement or redemption of any bonds or other debt instruments  
6 issued by the public-facilities corporation in connection with  
7 the development of the municipal convention hall. This  
8 exemption includes existing public-facilities corporations as  
9 provided in Section 11-65-25 of the Illinois Municipal Code.  
10 This paragraph is exempt from the provisions of Section 3-90.

11 (37) Beginning July 1, 2012, waste oil furnaces and waste  
12 oil boilers. For the purposes of this paragraph (37), "waste  
13 oil furnace" means any piece of equipment that heats, ignites,  
14 and combusts waste oil and uses waste oil as a fuel source to  
15 generate energy in the form of heat. For the purposes of this  
16 paragraph (37), "waste oil boiler" means any piece of equipment  
17 that heats, ignites, and combusts waste oil and uses waste oil  
18 as a fuel source to heat water. For the purposes of this  
19 paragraph (37), "waste oil" means any petroleum-based fluid or  
20 synthetic oil that has become unsuited or unwanted for its  
21 original purposes through use or handling. This paragraph is  
22 exempt from the provisions of Section 3-90.

23 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
24 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
25 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.  
26 8-16-11; 97-636, eff. 6-1-12.)

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

3           (35 ILCS 110/3-5)

4           (Text of Section before amendment by P.A. 97-636)

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

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

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

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

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

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

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

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

24 (7) Farm machinery and equipment, both new and used,  
25 including that manufactured on special order, certified by the  
26 purchaser to be used primarily for production agriculture or

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

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

25 Farm machinery and equipment also includes computers,  
26 sensors, software, and related equipment used primarily in the

1 computer-assisted operation of production agriculture  
2 facilities, equipment, and activities such as, but not limited  
3 to, the collection, monitoring, and correlation of animal and  
4 crop data for the purpose of formulating animal diets and  
5 agricultural chemicals. This item (7) is exempt from the  
6 provisions of Section 3-75.

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

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

23 (10) Until July 1, 2003, oil field exploration, drilling,  
24 and production equipment, including (i) rigs and parts of rigs,  
25 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and  
26 tubular goods, including casing and drill strings, (iii) pumps

1 and pump-jack units, (iv) storage tanks and flow lines, (v) any  
2 individual replacement part for oil field exploration,  
3 drilling, and production equipment, and (vi) machinery and  
4 equipment purchased for lease; but excluding motor vehicles  
5 required to be registered under the Illinois Vehicle Code.

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

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

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

20 (14) Horses, or interests in horses, registered with and  
21 meeting the requirements of any of the Arabian Horse Club  
22 Registry of America, Appaloosa Horse Club, American Quarter  
23 Horse Association, United States Trotting Association, or  
24 Jockey Club, as appropriate, used for purposes of breeding or  
25 racing for prizes. This item (14) is exempt from the provisions  
26 of Section 3-75, and the exemption provided for under this item

1 (14) applies for all periods beginning May 30, 1995, but no  
2 claim for credit or refund is allowed on or after the effective  
3 date of this amendatory Act of the 95th General Assembly for  
4 such taxes paid during the period beginning May 30, 2000 and  
5 ending on the effective date of this amendatory Act of the 95th  
6 General Assembly.

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



1 is not refunded to the lessee for any reason, the lessor is  
2 liable to pay that amount to the Department.

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

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

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

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

19 (19) Beginning July 1, 1999, game or game birds purchased  
20 at a "game breeding and hunting preserve area" as that term is  
21 used in the Wildlife Code. This paragraph is exempt from the  
22 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

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

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

1 from the sale to the fundraising entity. This paragraph is  
2 exempt from the provisions of Section 3-75.

3 (22) Beginning January 1, 2000 and through December 31,  
4 2001, new or used automatic vending machines that prepare and  
5 serve hot food and beverages, including coffee, soup, and other  
6 items, and replacement parts for these machines. Beginning  
7 January 1, 2002 and through June 30, 2003, machines and parts  
8 for machines used in commercial, coin-operated amusement and  
9 vending business if a use or occupation tax is paid on the  
10 gross receipts derived from the use of the commercial,  
11 coin-operated amusement and vending machines. This paragraph  
12 is exempt from the provisions of Section 3-75.

13 (23) Beginning August 23, 2001 and through June 30, 2011,  
14 food for human consumption that is to be consumed off the  
15 premises where it is sold (other than alcoholic beverages, soft  
16 drinks, and food that has been prepared for immediate  
17 consumption) and prescription and nonprescription medicines,  
18 drugs, medical appliances, and insulin, urine testing  
19 materials, syringes, and needles used by diabetics, for human  
20 use, when purchased for use by a person receiving medical  
21 assistance under Article V of the Illinois Public Aid Code who  
22 resides in a licensed long-term care facility, as defined in  
23 the Nursing Home Care Act, or in a licensed facility as defined  
24 in the ID/DD Community Care Act or the Specialized Mental  
25 Health Rehabilitation Act.

26 (24) Beginning on the effective date of this amendatory Act

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

24 (25) Beginning on the effective date of this amendatory Act  
25 of the 92nd General Assembly, personal property purchased by a  
26 lessor who leases the property, under a lease of one year or

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

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

1           (27) Beginning January 1, 2010, materials, parts,  
2 equipment, components, and furnishings incorporated into or  
3 upon an aircraft as part of the modification, refurbishment,  
4 completion, replacement, repair, or maintenance of the  
5 aircraft. This exemption includes consumable supplies used in  
6 the modification, refurbishment, completion, replacement,  
7 repair, and maintenance of aircraft, but excludes any  
8 materials, parts, equipment, components, and consumable  
9 supplies used in the modification, replacement, repair, and  
10 maintenance of aircraft engines or power plants, whether such  
11 engines or power plants are installed or uninstalled upon any  
12 such aircraft. "Consumable supplies" include, but are not  
13 limited to, adhesive, tape, sandpaper, general purpose  
14 lubricants, cleaning solution, latex gloves, and protective  
15 films. This exemption applies only to those organizations that  
16 (i) hold an Air Agency Certificate and are empowered to operate  
17 an approved repair station by the Federal Aviation  
18 Administration, (ii) have a Class IV Rating, and (iii) conduct  
19 operations in accordance with Part 145 of the Federal Aviation  
20 Regulations. The exemption does not include aircraft operated  
21 by a commercial air carrier providing scheduled passenger air  
22 service pursuant to authority issued under Part 121 or Part 129  
23 of the Federal Aviation Regulations.

24           (28) Tangible personal property purchased by a  
25 public-facilities corporation, as described in Section  
26 11-65-10 of the Illinois Municipal Code, for purposes of

1 constructing or furnishing a municipal convention hall, but  
2 only if the legal title to the municipal convention hall is  
3 transferred to the municipality without any further  
4 consideration by or on behalf of the municipality at the time  
5 of the completion of the municipal convention hall or upon the  
6 retirement or redemption of any bonds or other debt instruments  
7 issued by the public-facilities corporation in connection with  
8 the development of the municipal convention hall. This  
9 exemption includes existing public-facilities corporations as  
10 provided in Section 11-65-25 of the Illinois Municipal Code.  
11 This paragraph is exempt from the provisions of Section 3-75.

12 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
13 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
14 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.  
15 8-16-11; revised 9-12-11.)

16 (Text of Section after amendment by P.A. 97-636)

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

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



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

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

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

23           (5) Until July 1, 2003 and beginning again on September 1,  
24 2004 through August 30, 2014, graphic arts machinery and  
25 equipment, including repair and replacement parts, both new and  
26 used, and including that manufactured on special order or

1 purchased for lease, certified by the purchaser to be used  
2 primarily for graphic arts production. Equipment includes  
3 chemicals or chemicals acting as catalysts but only if the  
4 chemicals or chemicals acting as catalysts effect a direct and  
5 immediate change upon a graphic arts product.

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

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

1 tender is separately stated.

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

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

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

25 (9) Proceeds of mandatory service charges separately  
26 stated on customers' bills for the purchase and consumption of

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

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

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

23 (12) Until July 1, 2003, coal exploration, mining,  
24 offhighway hauling, processing, maintenance, and reclamation  
25 equipment, including replacement parts and equipment, and  
26 including equipment purchased for lease, but excluding motor

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

3 (13) Semen used for artificial insemination of livestock  
4 for direct agricultural production.

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

18 (15) Computers and communications equipment utilized for  
19 any hospital purpose and equipment used in the diagnosis,  
20 analysis, or treatment of hospital patients purchased by a  
21 lessor who leases the equipment, under a lease of one year or  
22 longer executed or in effect at the time the lessor would  
23 otherwise be subject to the tax imposed by this Act, to a  
24 hospital that has been issued an active tax exemption  
25 identification number by the Department under Section 1g of the  
26 Retailers' Occupation Tax Act. If the equipment is leased in a

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

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

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

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

18 (18) Beginning with taxable years ending on or after  
19 December 31, 1995 and ending with taxable years ending on or  
20 before December 31, 2004, personal property that is used in the  
21 performance of infrastructure repairs in this State, including  
22 but not limited to municipal roads and streets, access roads,  
23 bridges, sidewalks, waste disposal systems, water and sewer  
24 line extensions, water distribution and purification  
25 facilities, storm water drainage and retention facilities, and  
26 sewage treatment facilities, resulting from a State or

1 federally declared disaster in Illinois or bordering Illinois  
2 when such repairs are initiated on facilities located in the  
3 declared disaster area within 6 months after the disaster.

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

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

26 (21) Beginning January 1, 2000, personal property,



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

14 (22) Beginning January 1, 2000 and through December 31,  
15 2001, new or used automatic vending machines that prepare and  
16 serve hot food and beverages, including coffee, soup, and other  
17 items, and replacement parts for these machines. Beginning  
18 January 1, 2002 and through June 30, 2003, machines and parts  
19 for machines used in commercial, coin-operated amusement and  
20 vending business if a use or occupation tax is paid on the  
21 gross receipts derived from the use of the commercial,  
22 coin-operated amusement and vending machines. This paragraph  
23 is exempt from the provisions of Section 3-75.

24 (23) Beginning August 23, 2001 and through June 30, 2016,  
25 food for human consumption that is to be consumed off the  
26 premises where it is sold (other than alcoholic beverages, soft

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

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

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

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

1 refund of that amount from the lessor. If, however, that amount  
2 is not refunded to the lessee for any reason, the lessor is  
3 liable to pay that amount to the Department. This paragraph is  
4 exempt from the provisions of Section 3-75.

5 (26) Beginning January 1, 2008, tangible personal property  
6 used in the construction or maintenance of a community water  
7 supply, as defined under Section 3.145 of the Environmental  
8 Protection Act, that is operated by a not-for-profit  
9 corporation that holds a valid water supply permit issued under  
10 Title IV of the Environmental Protection Act. This paragraph is  
11 exempt from the provisions of Section 3-75.

12 (27) Beginning January 1, 2010, materials, parts,  
13 equipment, components, and furnishings incorporated into or  
14 upon an aircraft as part of the modification, refurbishment,  
15 completion, replacement, repair, or maintenance of the  
16 aircraft. This exemption includes consumable supplies used in  
17 the modification, refurbishment, completion, replacement,  
18 repair, and maintenance of aircraft, but excludes any  
19 materials, parts, equipment, components, and consumable  
20 supplies used in the modification, replacement, repair, and  
21 maintenance of aircraft engines or power plants, whether such  
22 engines or power plants are installed or uninstalled upon any  
23 such aircraft. "Consumable supplies" include, but are not  
24 limited to, adhesive, tape, sandpaper, general purpose  
25 lubricants, cleaning solution, latex gloves, and protective  
26 films. This exemption applies only to those organizations that

1 (i) hold an Air Agency Certificate and are empowered to operate  
2 an approved repair station by the Federal Aviation  
3 Administration, (ii) have a Class IV Rating, and (iii) conduct  
4 operations in accordance with Part 145 of the Federal Aviation  
5 Regulations. The exemption does not include aircraft operated  
6 by a commercial air carrier providing scheduled passenger air  
7 service pursuant to authority issued under Part 121 or Part 129  
8 of the Federal Aviation Regulations.

9 (28) Tangible personal property purchased by a  
10 public-facilities corporation, as described in Section  
11 11-65-10 of the Illinois Municipal Code, for purposes of  
12 constructing or furnishing a municipal convention hall, but  
13 only if the legal title to the municipal convention hall is  
14 transferred to the municipality without any further  
15 consideration by or on behalf of the municipality at the time  
16 of the completion of the municipal convention hall or upon the  
17 retirement or redemption of any bonds or other debt instruments  
18 issued by the public-facilities corporation in connection with  
19 the development of the municipal convention hall. This  
20 exemption includes existing public-facilities corporations as  
21 provided in Section 11-65-25 of the Illinois Municipal Code.  
22 This paragraph is exempt from the provisions of Section 3-75.

23 (29) Beginning July 1, 2012, waste oil furnaces and waste  
24 oil boilers. For the purposes of this paragraph (29), "waste  
25 oil furnace" means any piece of equipment that heats, ignites,  
26 and combusts waste oil and uses waste oil as a fuel source to

1 generate energy in the form of heat. For the purposes of this  
2 paragraph (29), "waste oil boiler" means any piece of equipment  
3 that heats, ignites, and combusts waste oil and uses waste oil  
4 as a fuel source to heat water. For the purposes of this  
5 paragraph (29), "waste oil" means any petroleum-based fluid or  
6 synthetic oil that has become unsuited or unwanted for its  
7 original purposes through use or handling. This paragraph is  
8 exempt from the provisions of Section 3-75.

9 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
10 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
11 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff.  
12 8-16-11; 97-636, eff. 6-1-12.)

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

15 (35 ILCS 115/3-5)

16 (Text of Section before amendment by P.A. 97-636)

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

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

1 by the enterprise.

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

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

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

24 (5) Until July 1, 2003 and beginning again on September 1,  
25 2004 through August 30, 2014, graphic arts machinery and  
26 equipment, including repair and replacement parts, both new and

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

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

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



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

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

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

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

26 (9) Proceeds of mandatory service charges separately

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

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

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

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

1 Code.

2 (13) Beginning January 1, 1992 and through June 30, 2011,  
3 food for human consumption that is to be consumed off the  
4 premises where it is sold (other than alcoholic beverages, soft  
5 drinks and food that has been prepared for immediate  
6 consumption) and prescription and non-prescription medicines,  
7 drugs, medical appliances, and insulin, urine testing  
8 materials, syringes, and needles used by diabetics, for human  
9 use, when purchased for use by a person receiving medical  
10 assistance under Article V of the Illinois Public Aid Code who  
11 resides in a licensed long-term care facility, as defined in  
12 the Nursing Home Care Act, or in a licensed facility as defined  
13 in the ID/DD Community Care Act or the Specialized Mental  
14 Health Rehabilitation Act.

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

17 (15) Horses, or interests in horses, registered with and  
18 meeting the requirements of any of the Arabian Horse Club  
19 Registry of America, Appaloosa Horse Club, American Quarter  
20 Horse Association, United States Trotting Association, or  
21 Jockey Club, as appropriate, used for purposes of breeding or  
22 racing for prizes. This item (15) is exempt from the provisions  
23 of Section 3-55, and the exemption provided for under this item  
24 (15) applies for all periods beginning May 30, 1995, but no  
25 claim for credit or refund is allowed on or after January 1,  
26 2008 (the effective date of Public Act 95-88) for such taxes

1 paid during the period beginning May 30, 2000 and ending on  
2 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

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

13          (20) Beginning July 1, 1999, game or game birds sold at a  
14          "game breeding and hunting preserve area" as that term is used  
15          in the Wildlife Code. This paragraph is exempt from the  
16          provisions of Section 3-55.

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

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

9 (22) Beginning January 1, 2000, personal property,  
10 including food, purchased through fundraising events for the  
11 benefit of a public or private elementary or secondary school,  
12 a group of those schools, or one or more school districts if  
13 the events are sponsored by an entity recognized by the school  
14 district that consists primarily of volunteers and includes  
15 parents and teachers of the school children. This paragraph  
16 does not apply to fundraising events (i) for the benefit of  
17 private home instruction or (ii) for which the fundraising  
18 entity purchases the personal property sold at the events from  
19 another individual or entity that sold the property for the  
20 purpose of resale by the fundraising entity and that profits  
21 from the sale to the fundraising entity. This paragraph is  
22 exempt from the provisions of Section 3-55.

23 (23) Beginning January 1, 2000 and through December 31,  
24 2001, new or used automatic vending machines that prepare and  
25 serve hot food and beverages, including coffee, soup, and other  
26 items, and replacement parts for these machines. Beginning

1 January 1, 2002 and through June 30, 2003, machines and parts  
2 for machines used in commercial, coin-operated amusement and  
3 vending business if a use or occupation tax is paid on the  
4 gross receipts derived from the use of the commercial,  
5 coin-operated amusement and vending machines. This paragraph  
6 is exempt from the provisions of Section 3-55.

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

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

25 (26) Beginning on January 1, 2002 and through June 30,  
26 2016, 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 (26). The permit issued under this paragraph (26)  
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 (27) Beginning January 1, 2008, tangible personal property  
23 used in the construction or maintenance of a community water  
24 supply, as defined under Section 3.145 of the Environmental  
25 Protection Act, that is operated by a not-for-profit  
26 corporation that holds a valid water supply permit issued under



1 Title IV of the Environmental Protection Act. This paragraph is  
2 exempt from the provisions of Section 3-55.

3 (28) Tangible personal property sold to a  
4 public-facilities corporation, as described in Section  
5 11-65-10 of the Illinois Municipal Code, for purposes of  
6 constructing or furnishing a municipal convention hall, but  
7 only if the legal title to the municipal convention hall is  
8 transferred to the municipality without any further  
9 consideration by or on behalf of the municipality at the time  
10 of the completion of the municipal convention hall or upon the  
11 retirement or redemption of any bonds or other debt instruments  
12 issued by the public-facilities corporation in connection with  
13 the development of the municipal convention hall. This  
14 exemption includes existing public-facilities corporations as  
15 provided in Section 11-65-25 of the Illinois Municipal Code.  
16 This paragraph is exempt from the provisions of Section 3-55.

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

1 engines or power plants are installed or uninstalled upon any  
2 such aircraft. "Consumable supplies" include, but are not  
3 limited to, adhesive, tape, sandpaper, general purpose  
4 lubricants, cleaning solution, latex gloves, and protective  
5 films. This exemption applies only to those organizations that  
6 (i) hold an Air Agency Certificate and are empowered to operate  
7 an approved repair station by the Federal Aviation  
8 Administration, (ii) have a Class IV Rating, and (iii) conduct  
9 operations in accordance with Part 145 of the Federal Aviation  
10 Regulations. The exemption does not include aircraft operated  
11 by a commercial air carrier providing scheduled passenger air  
12 service pursuant to authority issued under Part 121 or Part 129  
13 of the Federal Aviation Regulations.

14 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
15 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
16 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.  
17 1-1-12; 97-431, eff. 8-16-11; revised 9-12-11.)

18 (Text of Section after amendment by P.A. 97-636)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23           (12) Until July 1, 2003, coal exploration, mining,  
24 offhighway hauling, processing, maintenance, and reclamation  
25 equipment, including replacement parts and equipment, and  
26 including equipment purchased for lease, but excluding motor

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

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

16 (14) Semen used for artificial insemination of livestock  
17 for direct agricultural production.

18 (15) Horses, or interests in horses, registered with and  
19 meeting the requirements of any of the Arabian Horse Club  
20 Registry of America, Appaloosa Horse Club, American Quarter  
21 Horse Association, United States Trotting Association, or  
22 Jockey Club, as appropriate, used for purposes of breeding or  
23 racing for prizes. This item (15) is exempt from the provisions  
24 of Section 3-55, and the exemption provided for under this item  
25 (15) applies for all periods beginning May 30, 1995, but no  
26 claim for credit or refund is allowed on or after January 1,

1 2008 (the effective date of Public Act 95-88) for such taxes  
2 paid during the period beginning May 30, 2000 and ending on  
3 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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



1 who reside within the declared disaster area.

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

14 (20) Beginning July 1, 1999, game or game birds sold at a  
15 "game breeding and hunting preserve area" as that term is used  
16 in the Wildlife Code. This paragraph is exempt from the  
17 provisions of Section 3-55.

18 (21) A motor vehicle, as that term is defined in Section  
19 1-146 of the Illinois Vehicle Code, that is donated to a  
20 corporation, limited liability company, society, association,  
21 foundation, or institution that is determined by the Department  
22 to be organized and operated exclusively for educational  
23 purposes. For purposes of this exemption, "a corporation,  
24 limited liability company, society, association, foundation,  
25 or institution organized and operated exclusively for  
26 educational purposes" means all tax-supported public schools,

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

10 (22) Beginning January 1, 2000, personal property,  
11 including food, purchased through fundraising events for the  
12 benefit of a public or private elementary or secondary school,  
13 a group of those schools, or one or more school districts if  
14 the events are sponsored by an entity recognized by the school  
15 district that consists primarily of volunteers and includes  
16 parents and teachers of the school children. This paragraph  
17 does not apply to fundraising events (i) for the benefit of  
18 private home instruction or (ii) for which the fundraising  
19 entity purchases the personal property sold at the events from  
20 another individual or entity that sold the property for the  
21 purpose of resale by the fundraising entity and that profits  
22 from the sale to the fundraising entity. This paragraph is  
23 exempt from the provisions of Section 3-55.

24 (23) Beginning January 1, 2000 and through December 31,  
25 2001, new or used automatic vending machines that prepare and  
26 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 3-55.

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

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

26 (26) Beginning on January 1, 2002 and through June 30,

1 2016, tangible personal property purchased from an Illinois  
2 retailer by a taxpayer engaged in centralized purchasing  
3 activities in Illinois who will, upon receipt of the property  
4 in Illinois, temporarily store the property in Illinois (i) for  
5 the purpose of subsequently transporting it outside this State  
6 for use or consumption thereafter solely outside this State or  
7 (ii) for the purpose of being processed, fabricated, or  
8 manufactured into, attached to, or incorporated into other  
9 tangible personal property to be transported outside this State  
10 and thereafter used or consumed solely outside this State. The  
11 Director of Revenue shall, pursuant to rules adopted in  
12 accordance with the Illinois Administrative Procedure Act,  
13 issue a permit to any taxpayer in good standing with the  
14 Department who is eligible for the exemption under this  
15 paragraph (26). The permit issued under this paragraph (26)  
16 shall authorize the holder, to the extent and in the manner  
17 specified in the rules adopted under this Act, to purchase  
18 tangible personal property from a retailer exempt from the  
19 taxes imposed by this Act. Taxpayers shall maintain all  
20 necessary books and records to substantiate the use and  
21 consumption of all such tangible personal property outside of  
22 the State of Illinois.

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

1 corporation that holds a valid water supply permit issued under  
2 Title IV of the Environmental Protection Act. This paragraph is  
3 exempt from the provisions of Section 3-55.

4 (28) Tangible personal property sold to a  
5 public-facilities corporation, as described in Section  
6 11-65-10 of the Illinois Municipal Code, for purposes of  
7 constructing or furnishing a municipal convention hall, but  
8 only if the legal title to the municipal convention hall is  
9 transferred to the municipality without any further  
10 consideration by or on behalf of the municipality at the time  
11 of the completion of the municipal convention hall or upon the  
12 retirement or redemption of any bonds or other debt instruments  
13 issued by the public-facilities corporation in connection with  
14 the development of the municipal convention hall. This  
15 exemption includes existing public-facilities corporations as  
16 provided in Section 11-65-25 of the Illinois Municipal Code.  
17 This paragraph is exempt from the provisions of Section 3-55.

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

1 maintenance of aircraft engines or power plants, whether such  
2 engines or power plants are installed or uninstalled upon any  
3 such aircraft. "Consumable supplies" include, but are not  
4 limited to, adhesive, tape, sandpaper, general purpose  
5 lubricants, cleaning solution, latex gloves, and protective  
6 films. This exemption applies only to those organizations that  
7 (i) hold an Air Agency Certificate and are empowered to operate  
8 an approved repair station by the Federal Aviation  
9 Administration, (ii) have a Class IV Rating, and (iii) conduct  
10 operations in accordance with Part 145 of the Federal Aviation  
11 Regulations. The exemption does not include aircraft operated  
12 by a commercial air carrier providing scheduled passenger air  
13 service pursuant to authority issued under Part 121 or Part 129  
14 of the Federal Aviation Regulations.

15 (30) Beginning July 1, 2012, waste oil furnaces and waste  
16 oil boilers. For the purposes of this paragraph (30), "waste  
17 oil furnace" means any piece of equipment that heats, ignites,  
18 and combusts waste oil and uses waste oil as a fuel source to  
19 generate energy in the form of heat. For the purposes of this  
20 paragraph (30), "waste oil boiler" means any piece of equipment  
21 that heats, ignites, and combusts waste oil and uses waste oil  
22 as a fuel source to heat water. For the purposes of this  
23 paragraph (30), "waste oil" means any petroleum-based fluid or  
24 synthetic oil that has become unsuited or unwanted for its  
25 original purposes through use or handling. This paragraph is  
26 exempt from the provisions of Section 3-55.

1 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
2 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
3 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.  
4 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12.)

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

7 (35 ILCS 120/2-5)

8 (Text of Section before amendment by P.A. 97-636)

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

12 (1) Farm chemicals.

13 (2) Farm machinery and equipment, both new and used,  
14 including that manufactured on special order, certified by the  
15 purchaser to be used primarily for production agriculture or  
16 State or federal agricultural programs, including individual  
17 replacement parts for the machinery and equipment, including  
18 machinery and equipment purchased for lease, and including  
19 implements of husbandry defined in Section 1-130 of the  
20 Illinois Vehicle Code, farm machinery and agricultural  
21 chemical and fertilizer spreaders, and nurse wagons required to  
22 be registered under Section 3-809 of the Illinois Vehicle Code,  
23 but excluding other motor vehicles required to be registered  
24 under the Illinois Vehicle Code. Horticultural polyhouses or

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

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

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

24 (3) Until July 1, 2003, distillation machinery and  
25 equipment, sold as a unit or kit, assembled or installed by the  
26 retailer, certified by the user to be used only for the



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

4 (4) Until July 1, 2003 and beginning again September 1,  
5 2004 through August 30, 2014, graphic arts machinery and  
6 equipment, including repair and replacement parts, both new and  
7 used, and including that manufactured on special order or  
8 purchased for lease, certified by the purchaser to be used  
9 primarily for graphic arts production. Equipment includes  
10 chemicals or chemicals acting as catalysts but only if the  
11 chemicals or chemicals acting as catalysts effect a direct and  
12 immediate change upon a graphic arts product.

13 (5) A motor vehicle of the first division, a motor vehicle  
14 of the second division that is a self contained motor vehicle  
15 designed or permanently converted to provide living quarters  
16 for recreational, camping, or travel use, with direct walk  
17 through access to the living quarters from the driver's seat,  
18 or a motor vehicle of the second division that is of the van  
19 configuration designed for the transportation of not less than  
20 7 nor more than 16 passengers, as defined in Section 1-146 of  
21 the Illinois Vehicle Code, that is used for automobile renting,  
22 as defined in the Automobile Renting Occupation and Use Tax  
23 Act. This paragraph is exempt from the provisions of Section  
24 2-70.

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

1 located in Illinois.

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

5 (8) Personal property sold to an Illinois county fair  
6 association for use in conducting, operating, or promoting the  
7 county fair.

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

23 (10) Personal property sold by a corporation, society,  
24 association, foundation, institution, or organization, other  
25 than a limited liability company, that is organized and  
26 operated as a not-for-profit service enterprise for the benefit

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

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

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

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

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

26           (14) Machinery and equipment that will be used by the

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

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

19 (16) Petroleum products sold to a purchaser if the seller  
20 is prohibited by federal law from charging tax to the  
21 purchaser.

22 (17) Tangible personal property sold to a common carrier by  
23 rail or motor that receives the physical possession of the  
24 property in Illinois and that transports the property, or  
25 shares with another common carrier in the transportation of the  
26 property, out of Illinois on a standard uniform bill of lading

1 showing the seller of the property as the shipper or consignor  
2 of the property to a destination outside Illinois, for use  
3 outside Illinois.

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

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

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

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

1 Code.

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

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

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

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

1 out-of-state registration plates to be transferred is prima  
2 facie evidence that the motor vehicle will not be titled in  
3 this State.

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



1 titles the vehicle in his or her state of residence within 30  
2 days after the date of sale. The tax collected under this Act  
3 in accordance with this item (25-5) shall be proportionately  
4 distributed as if the tax were collected at the 6.25% general  
5 rate imposed under this Act.

6 (25-7) Beginning on July 1, 2007, no tax is imposed under  
7 this Act on the sale of an aircraft, as defined in Section 3 of  
8 the Illinois Aeronautics Act, if all of the following  
9 conditions are met:

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

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

18 (3) the seller retains in his or her books and records  
19 and provides to the Department a signed and dated  
20 certification from the purchaser, on a form prescribed by  
21 the Department, certifying that the requirements of this  
22 item (25-7) are met. The certificate must also include the  
23 name and address of the purchaser, the address of the  
24 location where the aircraft is to be titled or registered,  
25 the address of the primary physical location of the  
26 aircraft, and other information that the Department may

1 reasonably require.

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

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

7 "Registered in this State" means an aircraft registered  
8 with the Department of Transportation, Aeronautics Division,  
9 or titled or registered with the Federal Aviation  
10 Administration to an address located in this State.

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

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

15 (27) Horses, or interests in horses, registered with and  
16 meeting the requirements of any of the Arabian Horse Club  
17 Registry of America, Appaloosa Horse Club, American Quarter  
18 Horse Association, United States Trotting Association, or  
19 Jockey Club, as appropriate, used for purposes of breeding or  
20 racing for prizes. This item (27) is exempt from the provisions  
21 of Section 2-70, and the exemption provided for under this item  
22 (27) applies for all periods beginning May 30, 1995, but no  
23 claim for credit or refund is allowed on or after January 1,  
24 2008 (the effective date of Public Act 95-88) for such taxes  
25 paid during the period beginning May 30, 2000 and ending on  
26 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

24           (31) Beginning with taxable years ending on or after  
25 December 31, 1995 and ending with taxable years ending on or  
26 before December 31, 2004, personal property that is used in the

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

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

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

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

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

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

1 gross receipts derived from the use of the commercial,  
2 coin-operated amusement and vending machines. This paragraph  
3 is exempt from the provisions of Section 2-70.

4 (35-5) Beginning August 23, 2001 and through June 30, 2011,  
5 food for human consumption that is to be consumed off the  
6 premises where it is sold (other than alcoholic beverages, soft  
7 drinks, and food that has been prepared for immediate  
8 consumption) and prescription and nonprescription medicines,  
9 drugs, medical appliances, and insulin, urine testing  
10 materials, syringes, and needles used by diabetics, for human  
11 use, when purchased for use by a person receiving medical  
12 assistance under Article V of the Illinois Public Aid Code who  
13 resides in a licensed long-term care facility, as defined in  
14 the Nursing Home Care Act, or a licensed facility as defined in  
15 the ID/DD Community Care Act or the Specialized Mental Health  
16 Rehabilitation Act.

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

26 (37) Beginning August 2, 2001, personal property sold to a

1 lessor who leases the property, under a lease of one year or  
2 longer executed or in effect at the time of the purchase, to a  
3 governmental body that has been issued an active tax exemption  
4 identification number by the Department under Section 1g of  
5 this Act. This paragraph is exempt from the provisions of  
6 Section 2-70.

7 (38) Beginning on January 1, 2002 and through June 30,  
8 2016, tangible personal property purchased from an Illinois  
9 retailer by a taxpayer engaged in centralized purchasing  
10 activities in Illinois who will, upon receipt of the property  
11 in Illinois, temporarily store the property in Illinois (i) for  
12 the purpose of subsequently transporting it outside this State  
13 for use or consumption thereafter solely outside this State or  
14 (ii) for the purpose of being processed, fabricated, or  
15 manufactured into, attached to, or incorporated into other  
16 tangible personal property to be transported outside this State  
17 and thereafter used or consumed solely outside this State. The  
18 Director of Revenue shall, pursuant to rules adopted in  
19 accordance with the Illinois Administrative Procedure Act,  
20 issue a permit to any taxpayer in good standing with the  
21 Department who is eligible for the exemption under this  
22 paragraph (38). The permit issued under this paragraph (38)  
23 shall authorize the holder, to the extent and in the manner  
24 specified in the rules adopted under this Act, to purchase  
25 tangible personal property from a retailer exempt from the  
26 taxes imposed by this Act. Taxpayers shall maintain all

1 necessary books and records to substantiate the use and  
2 consumption of all such tangible personal property outside of  
3 the State of Illinois.

4 (39) Beginning January 1, 2008, tangible personal property  
5 used in the construction or maintenance of a community water  
6 supply, as defined under Section 3.145 of the Environmental  
7 Protection Act, that is operated by a not-for-profit  
8 corporation that holds a valid water supply permit issued under  
9 Title IV of the Environmental Protection Act. This paragraph is  
10 exempt from the provisions of Section 2-70.

11 (40) Beginning January 1, 2010, materials, parts,  
12 equipment, components, and furnishings incorporated into or  
13 upon an aircraft as part of the modification, refurbishment,  
14 completion, replacement, repair, or maintenance of the  
15 aircraft. This exemption includes consumable supplies used in  
16 the modification, refurbishment, completion, replacement,  
17 repair, and maintenance of aircraft, but excludes any  
18 materials, parts, equipment, components, and consumable  
19 supplies used in the modification, replacement, repair, and  
20 maintenance of aircraft engines or power plants, whether such  
21 engines or power plants are installed or uninstalled upon any  
22 such aircraft. "Consumable supplies" include, but are not  
23 limited to, adhesive, tape, sandpaper, general purpose  
24 lubricants, cleaning solution, latex gloves, and protective  
25 films. This exemption applies only to those organizations that  
26 (i) hold an Air Agency Certificate and are empowered to operate



1 an approved repair station by the Federal Aviation  
2 Administration, (ii) have a Class IV Rating, and (iii) conduct  
3 operations in accordance with Part 145 of the Federal Aviation  
4 Regulations. The exemption does not include aircraft operated  
5 by a commercial air carrier providing scheduled passenger air  
6 service pursuant to authority issued under Part 121 or Part 129  
7 of the Federal Aviation Regulations.

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

22 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
23 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.  
24 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.  
25 1-1-12; 97-431, eff. 8-16-11; revised 9-12-11.)

1 (Text of Section after amendment by P.A. 97-636)

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

5 (1) Farm chemicals.

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

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

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

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

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

21 (4) Until July 1, 2003 and beginning again September 1,  
22 2004 through August 30, 2014, graphic arts machinery and  
23 equipment, including repair and replacement parts, both new and  
24 used, and including that manufactured on special order or  
25 purchased for lease, certified by the purchaser to be used  
26 primarily for graphic arts production. Equipment includes

1 chemicals or chemicals acting as catalysts but only if the  
2 chemicals or chemicals acting as catalysts effect a direct and  
3 immediate change upon a graphic arts product.

4 (5) A motor vehicle of the first division, a motor vehicle  
5 of the second division that is a self contained motor vehicle  
6 designed or permanently converted to provide living quarters  
7 for recreational, camping, or travel use, with direct walk  
8 through access to the living quarters from the driver's seat,  
9 or a motor vehicle of the second division that is of the van  
10 configuration designed for the transportation of not less than  
11 7 nor more than 16 passengers, as defined in Section 1-146 of  
12 the Illinois Vehicle Code, that is used for automobile renting,  
13 as defined in the Automobile Renting Occupation and Use Tax  
14 Act. This paragraph is exempt from the provisions of Section  
15 2-70.

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

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

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

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

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

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

18 (12-5) On and after July 1, 2003 and through June 30, 2004,  
19 motor vehicles of the second division with a gross vehicle  
20 weight in excess of 8,000 pounds that are subject to the  
21 commercial distribution fee imposed under Section 3-815.1 of  
22 the Illinois Vehicle Code. Beginning on July 1, 2004 and  
23 through June 30, 2005, the use in this State of motor vehicles  
24 of the second division: (i) with a gross vehicle weight rating  
25 in excess of 8,000 pounds; (ii) that are subject to the  
26 commercial distribution fee imposed under Section 3-815.1 of

1 the Illinois Vehicle Code; and (iii) that are primarily used  
2 for commercial purposes. Through June 30, 2005, this exemption  
3 applies to repair and replacement parts added after the initial  
4 purchase of such a motor vehicle if that motor vehicle is used  
5 in a manner that would qualify for the rolling stock exemption  
6 otherwise provided for in this Act. For purposes of this  
7 paragraph, "used for commercial purposes" means the  
8 transportation of persons or property in furtherance of any  
9 commercial or industrial enterprise whether for-hire or not.

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

17 (14) Machinery and equipment that will be used by the  
18 purchaser, or a lessee of the purchaser, primarily in the  
19 process of manufacturing or assembling tangible personal  
20 property for wholesale or retail sale or lease, whether the  
21 sale or lease is made directly by the manufacturer or by some  
22 other person, whether the materials used in the process are  
23 owned by the manufacturer or some other person, or whether the  
24 sale or lease is made apart from or as an incident to the  
25 seller's engaging in the service occupation of producing  
26 machines, tools, dies, jigs, patterns, gauges, or other similar

1 items of no commercial value on special order for a particular  
2 purchaser.

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

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

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

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

25 (19) Until July 1 2003, oil field exploration, drilling,  
26 and production equipment, including (i) rigs and parts of rigs,



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

8 (20) Photoprocessing machinery and equipment, including  
9 repair and replacement parts, both new and used, including that  
10 manufactured on special order, certified by the purchaser to be  
11 used primarily for photoprocessing, and including  
12 photoprocessing machinery and equipment purchased for lease.

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

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

25 (23) A transaction in which the purchase order is received  
26 by a florist who is located outside Illinois, but who has a

1 florist located in Illinois deliver the property to the  
2 purchaser or the purchaser's donee in Illinois.

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

9 (25) Except as provided in item (25-5) of this Section, a  
10 motor vehicle sold in this State to a nonresident even though  
11 the motor vehicle is delivered to the nonresident in this  
12 State, if the motor vehicle is not to be titled in this State,  
13 and if a drive-away permit is issued to the motor vehicle as  
14 provided in Section 3-603 of the Illinois Vehicle Code or if  
15 the nonresident purchaser has vehicle registration plates to  
16 transfer to the motor vehicle upon returning to his or her home  
17 state. The issuance of the drive-away permit or having the  
18 out-of-state registration plates to be transferred is prima  
19 facie evidence that the motor vehicle will not be titled in  
20 this State.

21 (25-5) The exemption under item (25) does not apply if the  
22 state in which the motor vehicle will be titled does not allow  
23 a reciprocal exemption for a motor vehicle sold and delivered  
24 in that state to an Illinois resident but titled in Illinois.  
25 The tax collected under this Act on the sale of a motor vehicle  
26 in this State to a resident of another state that does not

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

23 (25-7) Beginning on July 1, 2007, no tax is imposed under  
24 this Act on the sale of an aircraft, as defined in Section 3 of  
25 the Illinois Aeronautics Act, if all of the following  
26 conditions are met:

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

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

9           (3) the seller retains in his or her books and records  
10          and provides to the Department a signed and dated  
11          certification from the purchaser, on a form prescribed by  
12          the Department, certifying that the requirements of this  
13          item (25-7) are met. The certificate must also include the  
14          name and address of the purchaser, the address of the  
15          location where the aircraft is to be titled or registered,  
16          the address of the primary physical location of the  
17          aircraft, and other information that the Department may  
18          reasonably require.

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

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

24          "Registered in this State" means an aircraft registered  
25          with the Department of Transportation, Aeronautics Division,  
26          or titled or registered with the Federal Aviation

1 Administration to an address located in this State.

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

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

6 (27) Horses, or interests in horses, registered with and  
7 meeting the requirements of any of the Arabian Horse Club  
8 Registry of America, Appaloosa Horse Club, American Quarter  
9 Horse Association, United States Trotting Association, or  
10 Jockey Club, as appropriate, used for purposes of breeding or  
11 racing for prizes. This item (27) is exempt from the provisions  
12 of Section 2-70, and the exemption provided for under this item  
13 (27) applies for all periods beginning May 30, 1995, but no  
14 claim for credit or refund is allowed on or after January 1,  
15 2008 (the effective date of Public Act 95-88) for such taxes  
16 paid during the period beginning May 30, 2000 and ending on  
17 January 1, 2008 (the effective date of Public Act 95-88).

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

26 (29) Personal property sold to a lessor who leases the

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

5 (30) 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 donated for  
8 disaster relief to be used in a State or federally declared  
9 disaster area in Illinois or bordering Illinois by a  
10 manufacturer or retailer that is registered in this State to a  
11 corporation, society, association, foundation, or institution  
12 that has been issued a sales tax exemption identification  
13 number by the Department that assists victims of the disaster  
14 who reside within the declared disaster area.

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

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

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

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

1 the events are sponsored by an entity recognized by the school  
2 district that consists primarily of volunteers and includes  
3 parents and teachers of the school children. This paragraph  
4 does not apply to fundraising events (i) for the benefit of  
5 private home instruction or (ii) for which the fundraising  
6 entity purchases the personal property sold at the events from  
7 another individual or entity that sold the property for the  
8 purpose of resale by the fundraising entity and that profits  
9 from the sale to the fundraising entity. This paragraph is  
10 exempt from the provisions of Section 2-70.

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

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



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

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

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

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

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

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

1 exempt from the provisions of Section 2-70.

2 (40) Beginning January 1, 2010, materials, parts,  
3 equipment, components, and furnishings incorporated into or  
4 upon an aircraft as part of the modification, refurbishment,  
5 completion, replacement, repair, or maintenance of the  
6 aircraft. This exemption includes consumable supplies used in  
7 the modification, refurbishment, completion, replacement,  
8 repair, and maintenance of aircraft, but excludes any  
9 materials, parts, equipment, components, and consumable  
10 supplies used in the modification, replacement, repair, and  
11 maintenance of aircraft engines or power plants, whether such  
12 engines or power plants are installed or uninstalled upon any  
13 such aircraft. "Consumable supplies" include, but are not  
14 limited to, adhesive, tape, sandpaper, general purpose  
15 lubricants, cleaning solution, latex gloves, and protective  
16 films. This exemption applies only to those organizations that  
17 (i) hold an Air Agency Certificate and are empowered to operate  
18 an approved repair station by the Federal Aviation  
19 Administration, (ii) have a Class IV Rating, and (iii) conduct  
20 operations in accordance with Part 145 of the Federal Aviation  
21 Regulations. The exemption does not include aircraft operated  
22 by a commercial air carrier providing scheduled passenger air  
23 service pursuant to authority issued under Part 121 or Part 129  
24 of the Federal Aviation Regulations.

25 (41) Tangible personal property sold to a  
26 public-facilities corporation, as described in Section

1 11-65-10 of the Illinois Municipal Code, for purposes of  
2 constructing or furnishing a municipal convention hall, but  
3 only if the legal title to the municipal convention hall is  
4 transferred to the municipality without any further  
5 consideration by or on behalf of the municipality at the time  
6 of the completion of the municipal convention hall or upon the  
7 retirement or redemption of any bonds or other debt instruments  
8 issued by the public-facilities corporation in connection with  
9 the development of the municipal convention hall. This  
10 exemption includes existing public-facilities corporations as  
11 provided in Section 11-65-25 of the Illinois Municipal Code.  
12 This paragraph is exempt from the provisions of Section 2-70.

13 (42) Beginning July 1, 2012, waste oil furnaces and waste  
14 oil boilers. For the purposes of this paragraph (42), "waste  
15 oil furnace" means any piece of equipment that heats, ignites,  
16 and combusts waste oil and uses waste oil as a fuel source to  
17 generate energy in the form of heat. For the purposes of this  
18 paragraph (42), "waste oil boiler" means any piece of equipment  
19 that heats, ignites, and combusts waste oil and uses waste oil  
20 as a fuel source to heat water. For the purposes of this  
21 paragraph (42), "waste oil" means any petroleum-based fluid or  
22 synthetic oil that has become unsuited or unwanted for its  
23 original purposes through use or handling. This paragraph is  
24 exempt from the provisions of Section 2-70.

25 (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;  
26 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.

1 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff.  
2 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12.)

3 Section 95. No acceleration or delay. Where this Act makes  
4 changes in a statute that is represented in this Act by text  
5 that is not yet or no longer in effect (for example, a Section  
6 represented by multiple versions), the use of that text does  
7 not accelerate or delay the taking effect of (i) the changes  
8 made by this Act or (ii) provisions derived from any other  
9 Public Act.

10 Section 99. Effective date. This Act takes effect upon  
11 becoming law.