



Rep. Barbara Flynn Currie

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1 AMENDMENT TO SENATE BILL 4

2 AMENDMENT NO. _____. Amend Senate Bill 4 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Corporate Accountability for Tax
5 Expenditures Act is amended by changing Section 25 as follows:

6 (20 ILCS 715/25)

7 Sec. 25. Recapture.

8 (a) All development assistance agreements shall contain,
9 at a minimum, the following recapture provisions:

10 (1) The recipient must (i) make the level of capital
11 investment in the economic development project specified
12 in the development assistance agreement; (ii) create or
13 retain, or both, the requisite number of jobs, paying not
14 less than specified wages for the created and retained
15 jobs, within and for the duration of the time period
16 specified in the legislation authorizing, or the

1 administrative rules implementing, the development
2 assistance programs and the development assistance
3 agreement.

4 (2) If the recipient fails to create or retain the
5 requisite number of jobs within and for the time period
6 specified, in the legislation authorizing, or the
7 administrative rules implementing, the development
8 assistance programs and the development assistance
9 agreement, the recipient shall be deemed to no longer
10 qualify for the State economic assistance and the
11 applicable recapture provisions shall take effect.

12 (3) If the recipient receives State economic
13 assistance in the form of a High Impact Business
14 designation pursuant to Section 5.5 of the Illinois
15 Enterprise Zone Act and the business receives the benefit
16 of the exemption authorized under Section 51 of the
17 Retailers' Occupation Tax Act (for the sale of building
18 materials incorporated into a High Impact Business
19 location) and the recipient fails to create or retain the
20 requisite number of jobs, as determined by the legislation
21 authorizing the development assistance programs or the
22 administrative rules implementing such legislation, or
23 both, within the requisite period of time, the recipient
24 shall be required to pay to the State the full amount of
25 the State tax exemption that it received as a result of the
26 High Impact Business designation.

1 (4) If the recipient receives a grant or loan pursuant
2 to the Large Business Development Program, the Business
3 Development Public Infrastructure Program, or the
4 Industrial Training Program and the recipient fails to
5 create or retain the requisite number of jobs for the
6 requisite time period, as provided in the legislation
7 authorizing the development assistance programs or the
8 administrative rules implementing such legislation, or
9 both, or in the development assistance agreement, the
10 recipient shall be required to repay to the State a pro
11 rata amount of the grant; that amount shall reflect the
12 percentage of the deficiency between the requisite number
13 of jobs to be created or retained by the recipient and the
14 actual number of such jobs in existence as of the date the
15 Department determines the recipient is in breach of the job
16 creation or retention covenants contained in the
17 development assistance agreement. If the recipient of
18 development assistance under the Large Business
19 Development Program, the Business Development Public
20 Infrastructure Program, or the Industrial Training Program
21 ceases operations at the specific project site, during the
22 5-year period commencing on the date of assistance, the
23 recipient shall be required to repay the entire amount of
24 the grant or to accelerate repayment of the loan back to
25 the State.

26 (5) If the recipient receives a tax credit under the

1 Economic Development for a Growing Economy tax credit
2 program, the development assistance agreement must provide
3 that (i) if the number of new or retained employees falls
4 below the requisite number set forth in the development
5 assistance agreement, the allowance of the credit shall be
6 automatically suspended until the number of new and
7 retained employees equals or exceeds the requisite number
8 in the development assistance agreement; (ii) if the
9 recipient discontinues operations at the specific project
10 site during the 5-year period after the beginning of the
11 first tax year for which the Department issues a tax credit
12 certificate ~~the first 5 years of the 10-year term of the~~
13 ~~development assistance agreement~~, the recipient shall
14 forfeit all credits taken by the recipient during such
15 5-year period; and (iii) in the event of a revocation or
16 suspension of the credit, the Department shall contact the
17 Director of Revenue to initiate proceedings against the
18 recipient to recover wrongfully exempted Illinois State
19 income taxes and the recipient shall promptly repay to the
20 Department of Revenue any wrongfully exempted Illinois
21 State income taxes. The forfeited amount of credits shall
22 be deemed assessed on the date the Department contacts the
23 Department of Revenue and the recipient shall promptly
24 repay to the Department of Revenue any wrongfully exempted
25 Illinois State income taxes.

26 (b) The Director may elect to waive enforcement of any

1 contractual provision arising out of the development
2 assistance agreement required by this Act based on a finding
3 that the waiver is necessary to avert an imminent and
4 demonstrable hardship to the recipient that may result in such
5 recipient's insolvency or discharge of workers. If a waiver is
6 granted, the recipient must agree to a contractual
7 modification, including recapture provisions, to the
8 development assistance agreement. The existence of any waiver
9 granted pursuant to this subsection (c), the date of the
10 granting of such waiver, and a brief summary of the reasons
11 supporting the granting of such waiver shall be disclosed
12 consistent with the provisions of Section 25 of this Act.

13 (c) Beginning June 1, 2004, the Department shall annually
14 compile a report on the outcomes and effectiveness of recapture
15 provisions by program, including but not limited to: (i) the
16 total number of companies that receive development assistance
17 as defined in this Act; (ii) the total number of recipients in
18 violation of development agreements with the Department; (iii)
19 the total number of completed recapture efforts; (iv) the total
20 number of recapture efforts initiated; and (v) the number of
21 waivers granted. This report shall be disclosed consistent with
22 the provisions of Section 20 of this Act.

23 (d) For the purposes of this Act, recapture provisions do
24 not include the Illinois Department of Transportation Economic
25 Development Program, any grants under the Industrial Training
26 Program that are not given as an incentive to a recipient

1 business organization, or any successor programs as described
2 in the term "development assistance" in Section 5 of this Act.
3 (Source: P.A. 93-552, eff. 8-20-03.)

4 Section 10. The Illinois Income Tax Act is amended by
5 changing Sections 201 and 250 as follows:

6 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

7 Sec. 201. Tax Imposed.

8 (a) In general. A tax measured by net income is hereby
9 imposed on every individual, corporation, trust and estate for
10 each taxable year ending after July 31, 1969 on the privilege
11 of earning or receiving income in or as a resident of this
12 State. Such tax shall be in addition to all other occupation or
13 privilege taxes imposed by this State or by any municipal
14 corporation or political subdivision thereof.

15 (b) Rates. The tax imposed by subsection (a) of this
16 Section shall be determined as follows, except as adjusted by
17 subsection (d-1):

18 (1) In the case of an individual, trust or estate, for
19 taxable years ending prior to July 1, 1989, an amount equal
20 to 2 1/2% of the taxpayer's net income for the taxable
21 year.

22 (2) In the case of an individual, trust or estate, for
23 taxable years beginning prior to July 1, 1989 and ending
24 after June 30, 1989, an amount equal to the sum of (i) 2

1 1/2% of the taxpayer's net income for the period prior to
2 July 1, 1989, as calculated under Section 202.3, and (ii)
3 3% of the taxpayer's net income for the period after June
4 30, 1989, as calculated under Section 202.3.

5 (3) In the case of an individual, trust or estate, for
6 taxable years beginning after June 30, 1989, and ending
7 prior to January 1, 2011, an amount equal to 3% of the
8 taxpayer's net income for the taxable year.

9 (4) In the case of an individual, trust, or estate, for
10 taxable years beginning prior to January 1, 2011, and
11 ending after December 31, 2010, an amount equal to the sum
12 of (i) 3% of the taxpayer's net income for the period prior
13 to January 1, 2011, as calculated under Section 202.5, and
14 (ii) 5% of the taxpayer's net income for the period after
15 December 31, 2010, as calculated under Section 202.5.

16 (5) In the case of an individual, trust, or estate, for
17 taxable years beginning on or after January 1, 2011, and
18 ending prior to January 1, 2015, an amount equal to 5% of
19 the taxpayer's net income for the taxable year.

20 (5.1) In the case of an individual, trust, or estate,
21 for taxable years beginning prior to January 1, 2015, and
22 ending after December 31, 2014, an amount equal to the sum
23 of (i) 5% of the taxpayer's net income for the period prior
24 to January 1, 2015, as calculated under Section 202.5, and
25 (ii) 3.75% of the taxpayer's net income for the period
26 after December 31, 2014, as calculated under Section 202.5.

1 (5.2) In the case of an individual, trust, or estate,
2 for taxable years beginning on or after January 1, 2015,
3 and ending prior to January 1, 2025, an amount equal to
4 3.75% of the taxpayer's net income for the taxable year.

5 (5.3) In the case of an individual, trust, or estate,
6 for taxable years beginning prior to January 1, 2025, and
7 ending after December 31, 2024, an amount equal to the sum
8 of (i) 3.75% of the taxpayer's net income for the period
9 prior to January 1, 2025, as calculated under Section
10 202.5, and (ii) 3.25% of the taxpayer's net income for the
11 period after December 31, 2024, as calculated under Section
12 202.5.

13 (5.4) In the case of an individual, trust, or estate,
14 for taxable years beginning on or after January 1, 2025, an
15 amount equal to 3.25% of the taxpayer's net income for the
16 taxable year.

17 (6) In the case of a corporation, for taxable years
18 ending prior to July 1, 1989, an amount equal to 4% of the
19 taxpayer's net income for the taxable year.

20 (7) In the case of a corporation, for taxable years
21 beginning prior to July 1, 1989 and ending after June 30,
22 1989, an amount equal to the sum of (i) 4% of the
23 taxpayer's net income for the period prior to July 1, 1989,
24 as calculated under Section 202.3, and (ii) 4.8% of the
25 taxpayer's net income for the period after June 30, 1989,
26 as calculated under Section 202.3.

1 (8) In the case of a corporation, for taxable years
2 beginning after June 30, 1989, and ending prior to January
3 1, 2011, an amount equal to 4.8% of the taxpayer's net
4 income for the taxable year.

5 (9) In the case of a corporation, for taxable years
6 beginning prior to January 1, 2011, and ending after
7 December 31, 2010, an amount equal to the sum of (i) 4.8%
8 of the taxpayer's net income for the period prior to
9 January 1, 2011, as calculated under Section 202.5, and
10 (ii) 7% of the taxpayer's net income for the period after
11 December 31, 2010, as calculated under Section 202.5.

12 (10) In the case of a corporation, for taxable years
13 beginning on or after January 1, 2011, and ending prior to
14 January 1, 2015, an amount equal to 7% of the taxpayer's
15 net income for the taxable year.

16 (11) In the case of a corporation, for taxable years
17 beginning prior to January 1, 2015, and ending after
18 December 31, 2014, an amount equal to the sum of (i) 7% of
19 the taxpayer's net income for the period prior to January
20 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
21 of the taxpayer's net income for the period after December
22 31, 2014, as calculated under Section 202.5.

23 (12) In the case of a corporation, for taxable years
24 beginning on or after January 1, 2015, and ending prior to
25 January 1, 2025, an amount equal to 5.25% of the taxpayer's
26 net income for the taxable year.

1 (13) In the case of a corporation, for taxable years
2 beginning prior to January 1, 2025, and ending after
3 December 31, 2024, an amount equal to the sum of (i) 5.25%
4 of the taxpayer's net income for the period prior to
5 January 1, 2025, as calculated under Section 202.5, and
6 (ii) 4.8% of the taxpayer's net income for the period after
7 December 31, 2024, as calculated under Section 202.5.

8 (14) In the case of a corporation, for taxable years
9 beginning on or after January 1, 2025, an amount equal to
10 4.8% of the taxpayer's net income for the taxable year.

11 The rates under this subsection (b) are subject to the
12 provisions of Section 201.5.

13 (c) Personal Property Tax Replacement Income Tax.
14 Beginning on July 1, 1979 and thereafter, in addition to such
15 income tax, there is also hereby imposed the Personal Property
16 Tax Replacement Income Tax measured by net income on every
17 corporation (including Subchapter S corporations), partnership
18 and trust, for each taxable year ending after June 30, 1979.
19 Such taxes are imposed on the privilege of earning or receiving
20 income in or as a resident of this State. The Personal Property
21 Tax Replacement Income Tax shall be in addition to the income
22 tax imposed by subsections (a) and (b) of this Section and in
23 addition to all other occupation or privilege taxes imposed by
24 this State or by any municipal corporation or political
25 subdivision thereof.

26 (d) Additional Personal Property Tax Replacement Income

1 Tax Rates. The personal property tax replacement income tax
2 imposed by this subsection and subsection (c) of this Section
3 in the case of a corporation, other than a Subchapter S
4 corporation and except as adjusted by subsection (d-1), shall
5 be an additional amount equal to 2.85% of such taxpayer's net
6 income for the taxable year, except that beginning on January
7 1, 1981, and thereafter, the rate of 2.85% specified in this
8 subsection shall be reduced to 2.5%, and in the case of a
9 partnership, trust or a Subchapter S corporation shall be an
10 additional amount equal to 1.5% of such taxpayer's net income
11 for the taxable year.

12 (d-1) Rate reduction for certain foreign insurers. In the
13 case of a foreign insurer, as defined by Section 35A-5 of the
14 Illinois Insurance Code, whose state or country of domicile
15 imposes on insurers domiciled in Illinois a retaliatory tax
16 (excluding any insurer whose premiums from reinsurance assumed
17 are 50% or more of its total insurance premiums as determined
18 under paragraph (2) of subsection (b) of Section 304, except
19 that for purposes of this determination premiums from
20 reinsurance do not include premiums from inter-affiliate
21 reinsurance arrangements), beginning with taxable years ending
22 on or after December 31, 1999, the sum of the rates of tax
23 imposed by subsections (b) and (d) shall be reduced (but not
24 increased) to the rate at which the total amount of tax imposed
25 under this Act, net of all credits allowed under this Act,
26 shall equal (i) the total amount of tax that would be imposed

1 on the foreign insurer's net income allocable to Illinois for
2 the taxable year by such foreign insurer's state or country of
3 domicile if that net income were subject to all income taxes
4 and taxes measured by net income imposed by such foreign
5 insurer's state or country of domicile, net of all credits
6 allowed or (ii) a rate of zero if no such tax is imposed on such
7 income by the foreign insurer's state of domicile. For the
8 purposes of this subsection (d-1), an inter-affiliate includes
9 a mutual insurer under common management.

10 (1) For the purposes of subsection (d-1), in no event
11 shall the sum of the rates of tax imposed by subsections
12 (b) and (d) be reduced below the rate at which the sum of:

13 (A) the total amount of tax imposed on such foreign
14 insurer under this Act for a taxable year, net of all
15 credits allowed under this Act, plus

16 (B) the privilege tax imposed by Section 409 of the
17 Illinois Insurance Code, the fire insurance company
18 tax imposed by Section 12 of the Fire Investigation
19 Act, and the fire department taxes imposed under
20 Section 11-10-1 of the Illinois Municipal Code,
21 equals 1.25% for taxable years ending prior to December 31,
22 2003, or 1.75% for taxable years ending on or after
23 December 31, 2003, of the net taxable premiums written for
24 the taxable year, as described by subsection (1) of Section
25 409 of the Illinois Insurance Code. This paragraph will in
26 no event increase the rates imposed under subsections (b)

1 and (d).

2 (2) Any reduction in the rates of tax imposed by this
3 subsection shall be applied first against the rates imposed
4 by subsection (b) and only after the tax imposed by
5 subsection (a) net of all credits allowed under this
6 Section other than the credit allowed under subsection (i)
7 has been reduced to zero, against the rates imposed by
8 subsection (d).

9 This subsection (d-1) is exempt from the provisions of
10 Section 250.

11 (e) Investment credit. A taxpayer shall be allowed a credit
12 against the Personal Property Tax Replacement Income Tax for
13 investment in qualified property.

14 (1) A taxpayer shall be allowed a credit equal to .5%
15 of the basis of qualified property placed in service during
16 the taxable year, provided such property is placed in
17 service on or after July 1, 1984. There shall be allowed an
18 additional credit equal to .5% of the basis of qualified
19 property placed in service during the taxable year,
20 provided such property is placed in service on or after
21 July 1, 1986, and the taxpayer's base employment within
22 Illinois has increased by 1% or more over the preceding
23 year as determined by the taxpayer's employment records
24 filed with the Illinois Department of Employment Security.
25 Taxpayers who are new to Illinois shall be deemed to have
26 met the 1% growth in base employment for the first year in

1 which they file employment records with the Illinois
2 Department of Employment Security. The provisions added to
3 this Section by Public Act 85-1200 (and restored by Public
4 Act 87-895) shall be construed as declaratory of existing
5 law and not as a new enactment. If, in any year, the
6 increase in base employment within Illinois over the
7 preceding year is less than 1%, the additional credit shall
8 be limited to that percentage times a fraction, the
9 numerator of which is .5% and the denominator of which is
10 1%, but shall not exceed .5%. The investment credit shall
11 not be allowed to the extent that it would reduce a
12 taxpayer's liability in any tax year below zero, nor may
13 any credit for qualified property be allowed for any year
14 other than the year in which the property was placed in
15 service in Illinois. For tax years ending on or after
16 December 31, 1987, and on or before December 31, 1988, the
17 credit shall be allowed for the tax year in which the
18 property is placed in service, or, if the amount of the
19 credit exceeds the tax liability for that year, whether it
20 exceeds the original liability or the liability as later
21 amended, such excess may be carried forward and applied to
22 the tax liability of the 5 taxable years following the
23 excess credit years if the taxpayer (i) makes investments
24 which cause the creation of a minimum of 2,000 full-time
25 equivalent jobs in Illinois, (ii) is located in an
26 enterprise zone established pursuant to the Illinois

1 Enterprise Zone Act and (iii) is certified by the
2 Department of Commerce and Community Affairs (now
3 Department of Commerce and Economic Opportunity) as
4 complying with the requirements specified in clause (i) and
5 (ii) by July 1, 1986. The Department of Commerce and
6 Community Affairs (now Department of Commerce and Economic
7 Opportunity) shall notify the Department of Revenue of all
8 such certifications immediately. For tax years ending
9 after December 31, 1988, the credit shall be allowed for
10 the tax year in which the property is placed in service,
11 or, if the amount of the credit exceeds the tax liability
12 for that year, whether it exceeds the original liability or
13 the liability as later amended, such excess may be carried
14 forward and applied to the tax liability of the 5 taxable
15 years following the excess credit years. The credit shall
16 be applied to the earliest year for which there is a
17 liability. If there is credit from more than one tax year
18 that is available to offset a liability, earlier credit
19 shall be applied first.

20 (2) The term "qualified property" means property
21 which:

22 (A) is tangible, whether new or used, including
23 buildings and structural components of buildings and
24 signs that are real property, but not including land or
25 improvements to real property that are not a structural
26 component of a building such as landscaping, sewer

1 lines, local access roads, fencing, parking lots, and
2 other appurtenances;

3 (B) is depreciable pursuant to Section 167 of the
4 Internal Revenue Code, except that "3-year property"
5 as defined in Section 168(c)(2)(A) of that Code is not
6 eligible for the credit provided by this subsection
7 (e);

8 (C) is acquired by purchase as defined in Section
9 179(d) of the Internal Revenue Code;

10 (D) is used in Illinois by a taxpayer who is
11 primarily engaged in manufacturing, or in mining coal
12 or fluorite, or in retailing, or was placed in service
13 on or after July 1, 2006 in a River Edge Redevelopment
14 Zone established pursuant to the River Edge
15 Redevelopment Zone Act; and

16 (E) has not previously been used in Illinois in
17 such a manner and by such a person as would qualify for
18 the credit provided by this subsection (e) or
19 subsection (f).

20 (3) For purposes of this subsection (e),
21 "manufacturing" means the material staging and production
22 of tangible personal property by procedures commonly
23 regarded as manufacturing, processing, fabrication, or
24 assembling which changes some existing material into new
25 shapes, new qualities, or new combinations. For purposes of
26 this subsection (e) the term "mining" shall have the same

1 meaning as the term "mining" in Section 613(c) of the
2 Internal Revenue Code. For purposes of this subsection (e),
3 the term "retailing" means the sale of tangible personal
4 property for use or consumption and not for resale, or
5 services rendered in conjunction with the sale of tangible
6 personal property for use or consumption and not for
7 resale. For purposes of this subsection (e), "tangible
8 personal property" has the same meaning as when that term
9 is used in the Retailers' Occupation Tax Act, and, for
10 taxable years ending after December 31, 2008, does not
11 include the generation, transmission, or distribution of
12 electricity.

13 (4) The basis of qualified property shall be the basis
14 used to compute the depreciation deduction for federal
15 income tax purposes.

16 (5) If the basis of the property for federal income tax
17 depreciation purposes is increased after it has been placed
18 in service in Illinois by the taxpayer, the amount of such
19 increase shall be deemed property placed in service on the
20 date of such increase in basis.

21 (6) The term "placed in service" shall have the same
22 meaning as under Section 46 of the Internal Revenue Code.

23 (7) If during any taxable year, any property ceases to
24 be qualified property in the hands of the taxpayer within
25 48 months after being placed in service, or the situs of
26 any qualified property is moved outside Illinois within 48

1 months after being placed in service, the Personal Property
2 Tax Replacement Income Tax for such taxable year shall be
3 increased. Such increase shall be determined by (i)
4 recomputing the investment credit which would have been
5 allowed for the year in which credit for such property was
6 originally allowed by eliminating such property from such
7 computation and, (ii) subtracting such recomputed credit
8 from the amount of credit previously allowed. For the
9 purposes of this paragraph (7), a reduction of the basis of
10 qualified property resulting from a redetermination of the
11 purchase price shall be deemed a disposition of qualified
12 property to the extent of such reduction.

13 (8) Unless the investment credit is extended by law,
14 the basis of qualified property shall not include costs
15 incurred after December 31, 2013, except for costs incurred
16 pursuant to a binding contract entered into on or before
17 December 31, 2013.

18 (9) Each taxable year ending before December 31, 2000,
19 a partnership may elect to pass through to its partners the
20 credits to which the partnership is entitled under this
21 subsection (e) for the taxable year. A partner may use the
22 credit allocated to him or her under this paragraph only
23 against the tax imposed in subsections (c) and (d) of this
24 Section. If the partnership makes that election, those
25 credits shall be allocated among the partners in the
26 partnership in accordance with the rules set forth in

1 Section 704(b) of the Internal Revenue Code, and the rules
2 promulgated under that Section, and the allocated amount of
3 the credits shall be allowed to the partners for that
4 taxable year. The partnership shall make this election on
5 its Personal Property Tax Replacement Income Tax return for
6 that taxable year. The election to pass through the credits
7 shall be irrevocable.

8 For taxable years ending on or after December 31, 2000,
9 a partner that qualifies its partnership for a subtraction
10 under subparagraph (I) of paragraph (2) of subsection (d)
11 of Section 203 or a shareholder that qualifies a Subchapter
12 S corporation for a subtraction under subparagraph (S) of
13 paragraph (2) of subsection (b) of Section 203 shall be
14 allowed a credit under this subsection (e) equal to its
15 share of the credit earned under this subsection (e) during
16 the taxable year by the partnership or Subchapter S
17 corporation, determined in accordance with the
18 determination of income and distributive share of income
19 under Sections 702 and 704 and Subchapter S of the Internal
20 Revenue Code. This paragraph is exempt from the provisions
21 of Section 250.

22 (f) Investment credit; Enterprise Zone; River Edge
23 Redevelopment Zone.

24 (1) A taxpayer shall be allowed a credit against the
25 tax imposed by subsections (a) and (b) of this Section for
26 investment in qualified property which is placed in service

1 in an Enterprise Zone created pursuant to the Illinois
2 Enterprise Zone Act or, for property placed in service on
3 or after July 1, 2006, a River Edge Redevelopment Zone
4 established pursuant to the River Edge Redevelopment Zone
5 Act. For partners, shareholders of Subchapter S
6 corporations, and owners of limited liability companies,
7 if the liability company is treated as a partnership for
8 purposes of federal and State income taxation, there shall
9 be allowed a credit under this subsection (f) to be
10 determined in accordance with the determination of income
11 and distributive share of income under Sections 702 and 704
12 and Subchapter S of the Internal Revenue Code. The credit
13 shall be .5% of the basis for such property. The credit
14 shall be available only in the taxable year in which the
15 property is placed in service in the Enterprise Zone or
16 River Edge Redevelopment Zone and shall not be allowed to
17 the extent that it would reduce a taxpayer's liability for
18 the tax imposed by subsections (a) and (b) of this Section
19 to below zero. For tax years ending on or after December
20 31, 1985, the credit shall be allowed for the tax year in
21 which the property is placed in service, or, if the amount
22 of the credit exceeds the tax liability for that year,
23 whether it exceeds the original liability or the liability
24 as later amended, such excess may be carried forward and
25 applied to the tax liability of the 5 taxable years
26 following the excess credit year. The credit shall be

1 applied to the earliest year for which there is a
2 liability. If there is credit from more than one tax year
3 that is available to offset a liability, the credit
4 accruing first in time shall be applied first.

5 (2) The term qualified property means property which:

6 (A) is tangible, whether new or used, including
7 buildings and structural components of buildings;

8 (B) is depreciable pursuant to Section 167 of the
9 Internal Revenue Code, except that "3-year property"
10 as defined in Section 168(c)(2)(A) of that Code is not
11 eligible for the credit provided by this subsection
12 (f);

13 (C) is acquired by purchase as defined in Section
14 179(d) of the Internal Revenue Code;

15 (D) is used in the Enterprise Zone or River Edge
16 Redevelopment Zone by the taxpayer; and

17 (E) has not been previously used in Illinois in
18 such a manner and by such a person as would qualify for
19 the credit provided by this subsection (f) or
20 subsection (e).

21 (3) The basis of qualified property shall be the basis
22 used to compute the depreciation deduction for federal
23 income tax purposes.

24 (4) If the basis of the property for federal income tax
25 depreciation purposes is increased after it has been placed
26 in service in the Enterprise Zone or River Edge

1 Redevelopment Zone by the taxpayer, the amount of such
2 increase shall be deemed property placed in service on the
3 date of such increase in basis.

4 (5) The term "placed in service" shall have the same
5 meaning as under Section 46 of the Internal Revenue Code.

6 (6) If during any taxable year, any property ceases to
7 be qualified property in the hands of the taxpayer within
8 48 months after being placed in service, or the situs of
9 any qualified property is moved outside the Enterprise Zone
10 or River Edge Redevelopment Zone within 48 months after
11 being placed in service, the tax imposed under subsections
12 (a) and (b) of this Section for such taxable year shall be
13 increased. Such increase shall be determined by (i)
14 recomputing the investment credit which would have been
15 allowed for the year in which credit for such property was
16 originally allowed by eliminating such property from such
17 computation, and (ii) subtracting such recomputed credit
18 from the amount of credit previously allowed. For the
19 purposes of this paragraph (6), a reduction of the basis of
20 qualified property resulting from a redetermination of the
21 purchase price shall be deemed a disposition of qualified
22 property to the extent of such reduction.

23 (7) There shall be allowed an additional credit equal
24 to 0.5% of the basis of qualified property placed in
25 service during the taxable year in a River Edge
26 Redevelopment Zone, provided such property is placed in

1 service on or after July 1, 2006, and the taxpayer's base
2 employment within Illinois has increased by 1% or more over
3 the preceding year as determined by the taxpayer's
4 employment records filed with the Illinois Department of
5 Employment Security. Taxpayers who are new to Illinois
6 shall be deemed to have met the 1% growth in base
7 employment for the first year in which they file employment
8 records with the Illinois Department of Employment
9 Security. If, in any year, the increase in base employment
10 within Illinois over the preceding year is less than 1%,
11 the additional credit shall be limited to that percentage
12 times a fraction, the numerator of which is 0.5% and the
13 denominator of which is 1%, but shall not exceed 0.5%.

14 (g) Jobs Tax Credit; Enterprise Zone, River Edge
15 Redevelopment Zone, and Foreign Trade Zone or Sub-Zone.

16 (1) A taxpayer conducting a trade or business in an
17 enterprise zone or a High Impact Business designated by the
18 Department of Commerce and Economic Opportunity or for
19 taxable years ending on or after December 31, 2006, in a
20 River Edge Redevelopment Zone conducting a trade or
21 business in a federally designated Foreign Trade Zone or
22 Sub-Zone shall be allowed a credit against the tax imposed
23 by subsections (a) and (b) of this Section in the amount of
24 \$500 per eligible employee hired to work in the zone during
25 the taxable year.

26 (2) To qualify for the credit:

1 (A) the taxpayer must hire 5 or more eligible
2 employees to work in an enterprise zone, River Edge
3 Redevelopment Zone, or federally designated Foreign
4 Trade Zone or Sub-Zone during the taxable year;

5 (B) the taxpayer's total employment within the
6 enterprise zone, River Edge Redevelopment Zone, or
7 federally designated Foreign Trade Zone or Sub-Zone
8 must increase by 5 or more full-time employees beyond
9 the total employed in that zone at the end of the
10 previous tax year for which a jobs tax credit under
11 this Section was taken, or beyond the total employed by
12 the taxpayer as of December 31, 1985, whichever is
13 later; and

14 (C) the eligible employees must be employed 180
15 consecutive days in order to be deemed hired for
16 purposes of this subsection.

17 (3) An "eligible employee" means an employee who is:

18 (A) Certified by the Department of Commerce and
19 Economic Opportunity as "eligible for services"
20 pursuant to regulations promulgated in accordance with
21 Title II of the Job Training Partnership Act, Training
22 Services for the Disadvantaged or Title III of the Job
23 Training Partnership Act, Employment and Training
24 Assistance for Dislocated Workers Program.

25 (B) Hired after the enterprise zone, River Edge
26 Redevelopment Zone, or federally designated Foreign

1 Trade Zone or Sub-Zone was designated or the trade or
2 business was located in that zone, whichever is later.

3 (C) Employed in the enterprise zone, River Edge
4 Redevelopment Zone, or Foreign Trade Zone or Sub-Zone.
5 An employee is employed in an enterprise zone or
6 federally designated Foreign Trade Zone or Sub-Zone if
7 his services are rendered there or it is the base of
8 operations for the services performed.

9 (D) A full-time employee working 30 or more hours
10 per week.

11 (4) For tax years ending on or after December 31, 1985
12 and prior to December 31, 1988, the credit shall be allowed
13 for the tax year in which the eligible employees are hired.
14 For tax years ending on or after December 31, 1988, the
15 credit shall be allowed for the tax year immediately
16 following the tax year in which the eligible employees are
17 hired. If the amount of the credit exceeds the tax
18 liability for that year, whether it exceeds the original
19 liability or the liability as later amended, such excess
20 may be carried forward and applied to the tax liability of
21 the 5 taxable years following the excess credit year. The
22 credit shall be applied to the earliest year for which
23 there is a liability. If there is credit from more than one
24 tax year that is available to offset a liability, earlier
25 credit shall be applied first.

26 (5) The Department of Revenue shall promulgate such

1 rules and regulations as may be deemed necessary to carry
2 out the purposes of this subsection (g).

3 (6) The credit shall be available for eligible
4 employees hired on or after January 1, 1986.

5 (h) Investment credit; High Impact Business.

6 (1) Subject to subsections (b) and (b-5) of Section 5.5
7 of the Illinois Enterprise Zone Act, a taxpayer shall be
8 allowed a credit against the tax imposed by subsections (a)
9 and (b) of this Section for investment in qualified
10 property which is placed in service by a Department of
11 Commerce and Economic Opportunity designated High Impact
12 Business. The credit shall be .5% of the basis for such
13 property. The credit shall not be available (i) until the
14 minimum investments in qualified property set forth in
15 subdivision (a)(3)(A) of Section 5.5 of the Illinois
16 Enterprise Zone Act have been satisfied or (ii) until the
17 time authorized in subsection (b-5) of the Illinois
18 Enterprise Zone Act for entities designated as High Impact
19 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
20 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
21 Act, and shall not be allowed to the extent that it would
22 reduce a taxpayer's liability for the tax imposed by
23 subsections (a) and (b) of this Section to below zero. The
24 credit applicable to such investments shall be taken in the
25 taxable year in which such investments have been completed.
26 The credit for additional investments beyond the minimum

1 investment by a designated high impact business authorized
2 under subdivision (a) (3) (A) of Section 5.5 of the Illinois
3 Enterprise Zone Act shall be available only in the taxable
4 year in which the property is placed in service and shall
5 not be allowed to the extent that it would reduce a
6 taxpayer's liability for the tax imposed by subsections (a)
7 and (b) of this Section to below zero. For tax years ending
8 on or after December 31, 1987, the credit shall be allowed
9 for the tax year in which the property is placed in
10 service, or, if the amount of the credit exceeds the tax
11 liability for that year, whether it exceeds the original
12 liability or the liability as later amended, such excess
13 may be carried forward and applied to the tax liability of
14 the 5 taxable years following the excess credit year. The
15 credit shall be applied to the earliest year for which
16 there is a liability. If there is credit from more than one
17 tax year that is available to offset a liability, the
18 credit accruing first in time shall be applied first.

19 Changes made in this subdivision (h) (1) by Public Act
20 88-670 restore changes made by Public Act 85-1182 and
21 reflect existing law.

22 (2) The term qualified property means property which:

23 (A) is tangible, whether new or used, including
24 buildings and structural components of buildings;

25 (B) is depreciable pursuant to Section 167 of the
26 Internal Revenue Code, except that "3-year property"

1 as defined in Section 168(c)(2)(A) of that Code is not
2 eligible for the credit provided by this subsection
3 (h);

4 (C) is acquired by purchase as defined in Section
5 179(d) of the Internal Revenue Code; and

6 (D) is not eligible for the Enterprise Zone
7 Investment Credit provided by subsection (f) of this
8 Section.

9 (3) The basis of qualified property shall be the basis
10 used to compute the depreciation deduction for federal
11 income tax purposes.

12 (4) If the basis of the property for federal income tax
13 depreciation purposes is increased after it has been placed
14 in service in a federally designated Foreign Trade Zone or
15 Sub-Zone located in Illinois by the taxpayer, the amount of
16 such increase shall be deemed property placed in service on
17 the date of such increase in basis.

18 (5) The term "placed in service" shall have the same
19 meaning as under Section 46 of the Internal Revenue Code.

20 (6) If during any taxable year ending on or before
21 December 31, 1996, any property ceases to be qualified
22 property in the hands of the taxpayer within 48 months
23 after being placed in service, or the situs of any
24 qualified property is moved outside Illinois within 48
25 months after being placed in service, the tax imposed under
26 subsections (a) and (b) of this Section for such taxable

1 year shall be increased. Such increase shall be determined
2 by (i) recomputing the investment credit which would have
3 been allowed for the year in which credit for such property
4 was originally allowed by eliminating such property from
5 such computation, and (ii) subtracting such recomputed
6 credit from the amount of credit previously allowed. For
7 the purposes of this paragraph (6), a reduction of the
8 basis of qualified property resulting from a
9 redetermination of the purchase price shall be deemed a
10 disposition of qualified property to the extent of such
11 reduction.

12 (7) Beginning with tax years ending after December 31,
13 1996, if a taxpayer qualifies for the credit under this
14 subsection (h) and thereby is granted a tax abatement and
15 the taxpayer relocates its entire facility in violation of
16 the explicit terms and length of the contract under Section
17 18-183 of the Property Tax Code, the tax imposed under
18 subsections (a) and (b) of this Section shall be increased
19 for the taxable year in which the taxpayer relocated its
20 facility by an amount equal to the amount of credit
21 received by the taxpayer under this subsection (h).

22 (i) Credit for Personal Property Tax Replacement Income
23 Tax. For tax years ending prior to December 31, 2003, a credit
24 shall be allowed against the tax imposed by subsections (a) and
25 (b) of this Section for the tax imposed by subsections (c) and
26 (d) of this Section. This credit shall be computed by

1 multiplying the tax imposed by subsections (c) and (d) of this
2 Section by a fraction, the numerator of which is base income
3 allocable to Illinois and the denominator of which is Illinois
4 base income, and further multiplying the product by the tax
5 rate imposed by subsections (a) and (b) of this Section.

6 Any credit earned on or after December 31, 1986 under this
7 subsection which is unused in the year the credit is computed
8 because it exceeds the tax liability imposed by subsections (a)
9 and (b) for that year (whether it exceeds the original
10 liability or the liability as later amended) may be carried
11 forward and applied to the tax liability imposed by subsections
12 (a) and (b) of the 5 taxable years following the excess credit
13 year, provided that no credit may be carried forward to any
14 year ending on or after December 31, 2003. This credit shall be
15 applied first to the earliest year for which there is a
16 liability. If there is a credit under this subsection from more
17 than one tax year that is available to offset a liability the
18 earliest credit arising under this subsection shall be applied
19 first.

20 If, during any taxable year ending on or after December 31,
21 1986, the tax imposed by subsections (c) and (d) of this
22 Section for which a taxpayer has claimed a credit under this
23 subsection (i) is reduced, the amount of credit for such tax
24 shall also be reduced. Such reduction shall be determined by
25 recomputing the credit to take into account the reduced tax
26 imposed by subsections (c) and (d). If any portion of the

1 reduced amount of credit has been carried to a different
2 taxable year, an amended return shall be filed for such taxable
3 year to reduce the amount of credit claimed.

4 (j) Training expense credit. Beginning with tax years
5 ending on or after December 31, 1986 and prior to December 31,
6 2003, a taxpayer shall be allowed a credit against the tax
7 imposed by subsections (a) and (b) under this Section for all
8 amounts paid or accrued, on behalf of all persons employed by
9 the taxpayer in Illinois or Illinois residents employed outside
10 of Illinois by a taxpayer, for educational or vocational
11 training in semi-technical or technical fields or semi-skilled
12 or skilled fields, which were deducted from gross income in the
13 computation of taxable income. The credit against the tax
14 imposed by subsections (a) and (b) shall be 1.6% of such
15 training expenses. For partners, shareholders of subchapter S
16 corporations, and owners of limited liability companies, if the
17 liability company is treated as a partnership for purposes of
18 federal and State income taxation, there shall be allowed a
19 credit under this subsection (j) to be determined in accordance
20 with the determination of income and distributive share of
21 income under Sections 702 and 704 and subchapter S of the
22 Internal Revenue Code.

23 Any credit allowed under this subsection which is unused in
24 the year the credit is earned may be carried forward to each of
25 the 5 taxable years following the year for which the credit is
26 first computed until it is used. This credit shall be applied

1 first to the earliest year for which there is a liability. If
2 there is a credit under this subsection from more than one tax
3 year that is available to offset a liability the earliest
4 credit arising under this subsection shall be applied first. No
5 carryforward credit may be claimed in any tax year ending on or
6 after December 31, 2003.

7 (k) Research and development credit.

8 For tax years ending after July 1, 1990 and prior to
9 December 31, 2003, and beginning again for tax years ending on
10 or after December 31, 2004, and ending prior to January 1,
11 2011, a taxpayer shall be allowed a credit against the tax
12 imposed by subsections (a) and (b) of this Section for
13 increasing research activities in this State. The credit
14 allowed against the tax imposed by subsections (a) and (b)
15 shall be equal to 6 1/2% of the qualifying expenditures for
16 increasing research activities in this State. For partners,
17 shareholders of subchapter S corporations, and owners of
18 limited liability companies, if the liability company is
19 treated as a partnership for purposes of federal and State
20 income taxation, there shall be allowed a credit under this
21 subsection to be determined in accordance with the
22 determination of income and distributive share of income under
23 Sections 702 and 704 and subchapter S of the Internal Revenue
24 Code.

25 For purposes of this subsection, "qualifying expenditures"
26 means the qualifying expenditures as defined for the federal

1 credit for increasing research activities which would be
2 allowable under Section 41 of the Internal Revenue Code and
3 which are conducted in this State, "qualifying expenditures for
4 increasing research activities in this State" means the excess
5 of qualifying expenditures for the taxable year in which
6 incurred over qualifying expenditures for the base period,
7 "qualifying expenditures for the base period" means the average
8 of the qualifying expenditures for each year in the base
9 period, and "base period" means the 3 taxable years immediately
10 preceding the taxable year for which the determination is being
11 made.

12 Any credit in excess of the tax liability for the taxable
13 year may be carried forward. A taxpayer may elect to have the
14 unused credit shown on its final completed return carried over
15 as a credit against the tax liability for the following 5
16 taxable years or until it has been fully used, whichever occurs
17 first; provided that no credit earned in a tax year ending
18 prior to December 31, 2003 may be carried forward to any year
19 ending on or after December 31, 2003, and no credit may be
20 carried forward to any taxable year ending on or after January
21 1, 2011.

22 If an unused credit is carried forward to a given year from
23 2 or more earlier years, that credit arising in the earliest
24 year will be applied first against the tax liability for the
25 given year. If a tax liability for the given year still
26 remains, the credit from the next earliest year will then be

1 applied, and so on, until all credits have been used or no tax
2 liability for the given year remains. Any remaining unused
3 credit or credits then will be carried forward to the next
4 following year in which a tax liability is incurred, except
5 that no credit can be carried forward to a year which is more
6 than 5 years after the year in which the expense for which the
7 credit is given was incurred.

8 No inference shall be drawn from this amendatory Act of the
9 91st General Assembly in construing this Section for taxable
10 years beginning before January 1, 1999.

11 (1) Environmental Remediation Tax Credit.

12 (i) For tax years ending after December 31, 1997 and on
13 or before December 31, 2001, a taxpayer shall be allowed a
14 credit against the tax imposed by subsections (a) and (b)
15 of this Section for certain amounts paid for unreimbursed
16 eligible remediation costs, as specified in this
17 subsection. For purposes of this Section, "unreimbursed
18 eligible remediation costs" means costs approved by the
19 Illinois Environmental Protection Agency ("Agency") under
20 Section 58.14 of the Environmental Protection Act that were
21 paid in performing environmental remediation at a site for
22 which a No Further Remediation Letter was issued by the
23 Agency and recorded under Section 58.10 of the
24 Environmental Protection Act. The credit must be claimed
25 for the taxable year in which Agency approval of the
26 eligible remediation costs is granted. The credit is not

1 available to any taxpayer if the taxpayer or any related
2 party caused or contributed to, in any material respect, a
3 release of regulated substances on, in, or under the site
4 that was identified and addressed by the remedial action
5 pursuant to the Site Remediation Program of the
6 Environmental Protection Act. After the Pollution Control
7 Board rules are adopted pursuant to the Illinois
8 Administrative Procedure Act for the administration and
9 enforcement of Section 58.9 of the Environmental
10 Protection Act, determinations as to credit availability
11 for purposes of this Section shall be made consistent with
12 those rules. For purposes of this Section, "taxpayer"
13 includes a person whose tax attributes the taxpayer has
14 succeeded to under Section 381 of the Internal Revenue Code
15 and "related party" includes the persons disallowed a
16 deduction for losses by paragraphs (b), (c), and (f)(1) of
17 Section 267 of the Internal Revenue Code by virtue of being
18 a related taxpayer, as well as any of its partners. The
19 credit allowed against the tax imposed by subsections (a)
20 and (b) shall be equal to 25% of the unreimbursed eligible
21 remediation costs in excess of \$100,000 per site, except
22 that the \$100,000 threshold shall not apply to any site
23 contained in an enterprise zone as determined by the
24 Department of Commerce and Community Affairs (now
25 Department of Commerce and Economic Opportunity). The
26 total credit allowed shall not exceed \$40,000 per year with

1 a maximum total of \$150,000 per site. For partners and
2 shareholders of subchapter S corporations, there shall be
3 allowed a credit under this subsection to be determined in
4 accordance with the determination of income and
5 distributive share of income under Sections 702 and 704 and
6 subchapter S of the Internal Revenue Code.

7 (ii) A credit allowed under this subsection that is
8 unused in the year the credit is earned may be carried
9 forward to each of the 5 taxable years following the year
10 for which the credit is first earned until it is used. The
11 term "unused credit" does not include any amounts of
12 unreimbursed eligible remediation costs in excess of the
13 maximum credit per site authorized under paragraph (i).
14 This credit shall be applied first to the earliest year for
15 which there is a liability. If there is a credit under this
16 subsection from more than one tax year that is available to
17 offset a liability, the earliest credit arising under this
18 subsection shall be applied first. A credit allowed under
19 this subsection may be sold to a buyer as part of a sale of
20 all or part of the remediation site for which the credit
21 was granted. The purchaser of a remediation site and the
22 tax credit shall succeed to the unused credit and remaining
23 carry-forward period of the seller. To perfect the
24 transfer, the assignor shall record the transfer in the
25 chain of title for the site and provide written notice to
26 the Director of the Illinois Department of Revenue of the

1 assignor's intent to sell the remediation site and the
2 amount of the tax credit to be transferred as a portion of
3 the sale. In no event may a credit be transferred to any
4 taxpayer if the taxpayer or a related party would not be
5 eligible under the provisions of subsection (i).

6 (iii) For purposes of this Section, the term "site"
7 shall have the same meaning as under Section 58.2 of the
8 Environmental Protection Act.

9 (m) Education expense credit. Beginning with tax years
10 ending after December 31, 1999, a taxpayer who is the custodian
11 of one or more qualifying pupils shall be allowed a credit
12 against the tax imposed by subsections (a) and (b) of this
13 Section for qualified education expenses incurred on behalf of
14 the qualifying pupils. The credit shall be equal to 25% of
15 qualified education expenses, but in no event may the total
16 credit under this subsection claimed by a family that is the
17 custodian of qualifying pupils exceed \$500. In no event shall a
18 credit under this subsection reduce the taxpayer's liability
19 under this Act to less than zero. This subsection is exempt
20 from the provisions of Section 250 of this Act.

21 For purposes of this subsection:

22 "Qualifying pupils" means individuals who (i) are
23 residents of the State of Illinois, (ii) are under the age of
24 21 at the close of the school year for which a credit is
25 sought, and (iii) during the school year for which a credit is
26 sought were full-time pupils enrolled in a kindergarten through

1 twelfth grade education program at any school, as defined in
2 this subsection.

3 "Qualified education expense" means the amount incurred on
4 behalf of a qualifying pupil in excess of \$250 for tuition,
5 book fees, and lab fees at the school in which the pupil is
6 enrolled during the regular school year.

7 "School" means any public or nonpublic elementary or
8 secondary school in Illinois that is in compliance with Title
9 VI of the Civil Rights Act of 1964 and attendance at which
10 satisfies the requirements of Section 26-1 of the School Code,
11 except that nothing shall be construed to require a child to
12 attend any particular public or nonpublic school to qualify for
13 the credit under this Section.

14 "Custodian" means, with respect to qualifying pupils, an
15 Illinois resident who is a parent, the parents, a legal
16 guardian, or the legal guardians of the qualifying pupils.

17 (n) River Edge Redevelopment Zone site remediation tax
18 credit.

19 (i) For tax years ending on or after December 31, 2006,
20 a taxpayer shall be allowed a credit against the tax
21 imposed by subsections (a) and (b) of this Section for
22 certain amounts paid for unreimbursed eligible remediation
23 costs, as specified in this subsection. For purposes of
24 this Section, "unreimbursed eligible remediation costs"
25 means costs approved by the Illinois Environmental
26 Protection Agency ("Agency") under Section 58.14a of the

1 Environmental Protection Act that were paid in performing
2 environmental remediation at a site within a River Edge
3 Redevelopment Zone for which a No Further Remediation
4 Letter was issued by the Agency and recorded under Section
5 58.10 of the Environmental Protection Act. The credit must
6 be claimed for the taxable year in which Agency approval of
7 the eligible remediation costs is granted. The credit is
8 not available to any taxpayer if the taxpayer or any
9 related party caused or contributed to, in any material
10 respect, a release of regulated substances on, in, or under
11 the site that was identified and addressed by the remedial
12 action pursuant to the Site Remediation Program of the
13 Environmental Protection Act. Determinations as to credit
14 availability for purposes of this Section shall be made
15 consistent with rules adopted by the Pollution Control
16 Board pursuant to the Illinois Administrative Procedure
17 Act for the administration and enforcement of Section 58.9
18 of the Environmental Protection Act. For purposes of this
19 Section, "taxpayer" includes a person whose tax attributes
20 the taxpayer has succeeded to under Section 381 of the
21 Internal Revenue Code and "related party" includes the
22 persons disallowed a deduction for losses by paragraphs
23 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
24 Code by virtue of being a related taxpayer, as well as any
25 of its partners. The credit allowed against the tax imposed
26 by subsections (a) and (b) shall be equal to 25% of the

1 unreimbursed eligible remediation costs in excess of
2 \$100,000 per site.

3 (ii) A credit allowed under this subsection that is
4 unused in the year the credit is earned may be carried
5 forward to each of the 5 taxable years following the year
6 for which the credit is first earned until it is used. This
7 credit shall be applied first to the earliest year for
8 which there is a liability. If there is a credit under this
9 subsection from more than one tax year that is available to
10 offset a liability, the earliest credit arising under this
11 subsection shall be applied first. A credit allowed under
12 this subsection may be sold to a buyer as part of a sale of
13 all or part of the remediation site for which the credit
14 was granted. The purchaser of a remediation site and the
15 tax credit shall succeed to the unused credit and remaining
16 carry-forward period of the seller. To perfect the
17 transfer, the assignor shall record the transfer in the
18 chain of title for the site and provide written notice to
19 the Director of the Illinois Department of Revenue of the
20 assignor's intent to sell the remediation site and the
21 amount of the tax credit to be transferred as a portion of
22 the sale. In no event may a credit be transferred to any
23 taxpayer if the taxpayer or a related party would not be
24 eligible under the provisions of subsection (i).

25 (iii) For purposes of this Section, the term "site"
26 shall have the same meaning as under Section 58.2 of the

1 Environmental Protection Act.

2 ~~(iv) This subsection is exempt from the provisions of~~
3 ~~Section 250.~~

4 (Source: P.A. 95-454, eff. 8-27-07; 96-115, eff. 7-31-09;
5 96-116, eff. 7-31-09; 96-937, eff. 6-23-10; 96-1000, eff.
6 7-2-10; 96-1496, eff. 1-13-11.)

7 (35 ILCS 5/250)

8 Sec. 250. Sunset of exemptions, credits, and deductions.
9 The application of every exemption, credit, and deduction
10 against tax imposed by this Act that becomes law after the
11 effective date of this amendatory Act of 1994 shall be limited
12 by a reasonable and appropriate sunset date. A taxpayer is not
13 entitled to take the exemption, credit, or deduction for tax
14 years beginning on or after the sunset date. If a reasonable
15 and appropriate sunset date is not specified in the Public Act
16 that creates the exemption, credit, or deduction, a taxpayer
17 shall not be entitled to take the exemption, credit, or
18 deduction for tax years beginning on or after 5 years after the
19 effective date of the Public Act creating the exemption,
20 credit, or deduction and thereafter; provided, however, that in
21 the case of any Public Act authorizing the issuance of
22 tax-exempt obligations that does not specify a sunset date for
23 the exemption or deduction of income derived from the
24 obligations, the exemption or deduction shall not terminate
25 until after the obligations have been paid by the issuer. No

1 exemption, credit, or deduction against a tax imposed by this
2 Act that was in effect prior to September 16, 1994 (the
3 effective date of Public Act 88-660) may be taken in any
4 taxable year ending on or after December 31, 2012 unless a
5 different sunset date is stated in the provision setting forth
6 the exemption, credit, or deduction.

7 (Source: P.A. 88-660, eff. 9-16-94; 89-460, eff. 5-24-96.)

8 Section 15. The Economic Development for a Growing Economy
9 Tax Credit Act is amended by changing Sections 5-15 and 5-50
10 and by adding Section 5-77 as follows:

11 (35 ILCS 10/5-15)

12 Sec. 5-15. Tax Credit Awards. Subject to the conditions set
13 forth in this Act, a Taxpayer is entitled to a Credit against
14 or, as described in subsection (g) of this Section, a payment
15 towards taxes imposed pursuant to subsections (a) and (b) of
16 Section 201 of the Illinois Income Tax Act that may be imposed
17 on the Taxpayer for a taxable year beginning on or after
18 January 1, 1999, if the Taxpayer is awarded a Credit by the
19 Department under this Act for that taxable year.

20 (a) The Department shall make Credit awards under this Act
21 to foster job creation and retention in Illinois.

22 (b) A person that proposes a project to create new jobs in
23 Illinois must enter into an Agreement with the Department for
24 the Credit under this Act.

1 (c) The Credit shall be claimed for the taxable years
2 specified in the Agreement.

3 (d) The Credit shall not exceed the Incremental Income Tax
4 attributable to the project that is the subject of the
5 Agreement.

6 (e) Nothing herein shall prohibit a Tax Credit Award to an
7 Applicant that uses a PEO if all other award criteria are
8 satisfied.

9 (f) In lieu of the Credit allowed under this Act against
10 the taxes imposed pursuant to subsections (a) and (b) of
11 Section 201 of the Illinois Income Tax Act for any taxable year
12 ending on or after December 31, 2009, the Taxpayer may elect to
13 claim the Credit against its obligation to pay over withholding
14 under Section 704A of the Illinois Income Tax Act.

15 (1) The election under this subsection (f) may be made
16 only by a Taxpayer that (i) is primarily engaged in one of
17 the following business activities: water purification and
18 treatment, motor vehicle metal stamping, automobile
19 manufacturing, automobile and light duty motor vehicle
20 manufacturing, motor vehicle manufacturing, light truck
21 and utility vehicle manufacturing, heavy duty truck
22 manufacturing, ~~or~~ motor vehicle body manufacturing, cable
23 television infrastructure design or manufacturing, or
24 wireless telecommunication or computing terminal device
25 design or manufacturing for use on public networks and (ii)
26 meets the following criteria:

1 (A) the Taxpayer (i) had an Illinois net loss or an
2 Illinois net loss deduction under Section 207 of the
3 Illinois Income Tax Act for the taxable year in which
4 the Credit is awarded, (ii) employed a minimum of 1,000
5 full-time employees in this State during the taxable
6 year in which the Credit is awarded, (iii) has an
7 Agreement under this Act on December 14, 2009 (the
8 effective date of Public Act 96-834), and (iv) is in
9 compliance with all provisions of that Agreement;

10 (B) the Taxpayer (i) had an Illinois net loss or an
11 Illinois net loss deduction under Section 207 of the
12 Illinois Income Tax Act for the taxable year in which
13 the Credit is awarded, (ii) employed a minimum of 1,000
14 full-time employees in this State during the taxable
15 year in which the Credit is awarded, and (iii) has
16 applied for an Agreement within 365 days after December
17 14, 2009 (the effective date of Public Act 96-834);

18 (C) the Taxpayer (i) had an Illinois net operating
19 loss carryforward under Section 207 of the Illinois
20 Income Tax Act in a taxable year ending during calendar
21 year 2008, (ii) has applied for an Agreement within 150
22 days after the effective date of this amendatory Act of
23 the 96th General Assembly, (iii) creates at least 400
24 new jobs in Illinois, (iv) retains at least 2,000 jobs
25 in Illinois that would have been at risk of relocation
26 out of Illinois over a 10-year period, and (v) makes a

1 capital investment of at least \$75,000,000; ~~or~~

2 (D) the Taxpayer (i) had an Illinois net operating
3 loss carryforward under Section 207 of the Illinois
4 Income Tax Act in a taxable year ending during calendar
5 year 2009, (ii) has applied for an Agreement within 150
6 days after the effective date of this amendatory Act of
7 the 96th General Assembly, (iii) creates at least 150
8 new jobs, (iv) retains at least 1,000 jobs in Illinois
9 that would have been at risk of relocation out of
10 Illinois over a 10-year period, and (v) makes a capital
11 investment of at least \$57,000,000; or

12 (E) the Taxpayer (i) employed at least 2,500
13 full-time employees in the State during the year in
14 which the Credit is awarded, (ii) commits to make at
15 least \$500,000,000 in combined capital improvements
16 and project costs under the Agreement, (iii) applies
17 for an Agreement between January 1, 2011 and June 30,
18 2011, (iv) executes an Agreement for the Credit during
19 calendar year 2011, and (v) was incorporated no more
20 than 5 years before the filing of an application for an
21 Agreement.

22 (1.5) The election under this subsection (f) may also
23 be made by a Taxpayer for any Credit awarded pursuant to an
24 agreement that was executed between January 1, 2011 and
25 June 30, 2011, if the Taxpayer (i) is primarily engaged in
26 the manufacture of inner tubes or tires, or both, from

1 natural and synthetic rubber, (ii) employs a minimum of
2 2,400 full-time employees in Illinois at the time of
3 application, (iii) creates at least 350 full-time jobs and
4 retains at least 250 full-time jobs in Illinois that would
5 have been at risk of being created or retained outside of
6 Illinois, and (iv) makes a capital investment of at least
7 \$200,000,000 at the project location.

8 (2) An election under this subsection shall allow the
9 credit to be taken against payments otherwise due under
10 Section 704A of the Illinois Income Tax Act during the
11 first calendar year beginning after the end of the taxable
12 year in which the credit is awarded under this Act.

13 (3) The election shall be made in the form and manner
14 required by the Illinois Department of Revenue and, once
15 made, shall be irrevocable.

16 (4) If a Taxpayer who meets the requirements of
17 subparagraph (A) of paragraph (1) of this subsection (f)
18 elects to claim the Credit against its withholdings as
19 provided in this subsection (f), then, on and after the
20 date of the election, the terms of the Agreement between
21 the Taxpayer and the Department may not be further amended
22 during the term of the Agreement.

23 (g) A pass-through entity that has been awarded a credit
24 under this Act, its shareholders, or its partners may treat
25 some or all of the credit awarded pursuant to this Act as a tax
26 payment for purposes of the Illinois Income Tax Act. The term

1 "tax payment" means a payment as described in Article 6 or
2 Article 8 of the Illinois Income Tax Act or a composite payment
3 made by a pass-through entity on behalf of any of its
4 shareholders or partners to satisfy such shareholders' or
5 partners' taxes imposed pursuant to subsections (a) and (b) of
6 Section 201 of the Illinois Income Tax Act. In no event shall
7 the amount of the award credited pursuant to this Act exceed
8 the Illinois income tax liability of the pass-through entity or
9 its shareholders or partners for the taxable year.

10 (Source: P.A. 95-375, eff. 8-23-07; 96-834, eff. 12-14-09;
11 96-836, eff. 12-16-09; 96-905, eff. 6-4-10; 96-1000, eff.
12 7-2-10; 96-1534, eff. 3-4-11.)

13 (35 ILCS 10/5-50)

14 Sec. 5-50. Contents of Agreements with Applicants. The
15 Department shall enter into an Agreement with an Applicant that
16 is awarded a Credit under this Act. The Agreement must include
17 all of the following:

18 (1) A detailed description of the project that is the
19 subject of the Agreement, including the location and amount
20 of the investment and jobs created or retained.

21 (2) The duration of the Credit and the first taxable
22 year for which the Credit may be claimed.

23 (3) The Credit amount that will be allowed for each
24 taxable year.

25 (4) A requirement that the Taxpayer shall maintain

1 operations at the project location that shall be stated as
2 a minimum number of years not to exceed 10.

3 (5) A specific method for determining the number of New
4 Employees employed during a taxable year.

5 (6) A requirement that the Taxpayer shall annually
6 report to the Department the number of New Employees, the
7 Incremental Income Tax withheld in connection with the New
8 Employees, and any other information the Director needs to
9 perform the Director's duties under this Act.

10 (7) A requirement that the Director is authorized to
11 verify with the appropriate State agencies the amounts
12 reported under paragraph (6), and after doing so shall
13 issue a certificate to the Taxpayer stating that the
14 amounts have been verified.

15 (8) A requirement that the Taxpayer shall provide
16 written notification to the Director not more than 30 days
17 after the Taxpayer makes or receives a proposal that would
18 transfer the Taxpayer's State tax liability obligations to
19 a successor Taxpayer.

20 (9) A detailed description of the number of New
21 Employees to be hired, and the occupation and payroll of
22 the full-time jobs to be created or retained as a result of
23 the project.

24 (10) The minimum investment the business enterprise
25 will make in capital improvements, the time period for
26 placing the property in service, and the designated

1 location in Illinois for the investment.

2 (11) A requirement that the Taxpayer shall provide
3 written notification to the Director and the Committee not
4 more than 30 days after the Taxpayer determines that the
5 minimum job creation or retention, employment payroll, or
6 investment no longer is being or will be achieved or
7 maintained as set forth in the terms and conditions of the
8 Agreement.

9 (12) A provision that, if the total number of New
10 Employees falls below a specified level, the allowance of
11 Credit shall be suspended until the number of New Employees
12 equals or exceeds the Agreement amount.

13 (13) A detailed description of the items for which the
14 costs incurred by the Taxpayer will be included in the
15 limitation on the Credit provided in Section 5-30.

16 (13.5) A provision that, if the Taxpayer never meets
17 either the investment or job creation and retention
18 requirements specified in the Agreement during the entire
19 5-year period beginning on the first day of the first
20 taxable year in which the Agreement is executed and ending
21 on the last day of the fifth taxable year after the
22 Agreement is executed, then the Agreement is automatically
23 terminated on the last day of the fifth taxable year after
24 the Agreement is executed and the Taxpayer is not entitled
25 to the award of any credits for any of that 5-year period.

26 (14) Any other performance conditions or contract

1 provisions as the Department determines are appropriate.

2 (Source: P.A. 91-476, eff. 8-11-99.)

3 (35 ILCS 10/5-77 new)

4 Sec. 5-77. Sunset of new Agreements. The Department shall
5 not enter into any new Agreements under the provisions of
6 Section 5-50 of this Act after December 31, 2016.

7 Section 20. The Film Production Services Tax Credit Act of
8 2008 is amended by adding Section 42 as follows:

9 (35 ILCS 16/42 new)

10 Sec. 42. Sunset of credits. The application of credits
11 awarded pursuant to this Act shall be limited by a reasonable
12 and appropriate sunset date. A taxpayer shall not be entitled
13 to take a credit awarded pursuant to this Act for tax years
14 beginning on or after 5 years after the effective date of this
15 amendatory Act of the 97th General Assembly.

16 Section 25. The Use Tax Act is amended by changing Sections
17 3-5 and 3-90 as follows:

18 (35 ILCS 105/3-5)

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

21 (1) Personal property purchased from a corporation,

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

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

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

25 (4) Personal property purchased by a governmental body, by
26 a corporation, society, association, foundation, or

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

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

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

26 (7) Farm chemicals.

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

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

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

19 (11) Farm machinery and equipment, both new and used,
20 including that manufactured on special order, certified by the
21 purchaser to be used primarily for production agriculture or
22 State or federal agricultural programs, including individual
23 replacement parts for the machinery and equipment, including
24 machinery and equipment purchased for lease, and including
25 implements of husbandry defined in Section 1-130 of the
26 Illinois Vehicle Code, farm machinery and agricultural

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

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

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

1 ~~provisions of Section 3-90.~~

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

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

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

26 (15) Photoprocessing machinery and equipment, including

1 repair and replacement parts, both new and used, including that
2 manufactured on special order, certified by the purchaser to be
3 used primarily for photoprocessing, and including
4 photoprocessing machinery and equipment purchased for lease.

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

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

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

1 a particular purchaser.

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

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

9 (21) Horses, or interests in horses, registered with and
10 meeting the requirements of any of the Arabian Horse Club
11 Registry of America, Appaloosa Horse Club, American Quarter
12 Horse Association, United States Trotting Association, or
13 Jockey Club, as appropriate, used for purposes of breeding or
14 racing for prizes. This item (21) is exempt from the provisions
15 of Section 3-90, and the exemption provided for under this item
16 (21) applies for all periods beginning May 30, 1995, but no
17 claim for credit or refund is allowed on or after January 1,
18 2008 for such taxes paid during the period beginning May 30,
19 2000 and ending on January 1, 2008.

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

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

17 (23) Personal property purchased by a lessor who leases the
18 property, under a lease of one year or longer executed or in
19 effect at the time the lessor would otherwise be subject to the
20 tax imposed by this Act, to a governmental body that has been
21 issued an active sales tax exemption identification number by
22 the Department under Section 1g of the Retailers' Occupation
23 Tax Act. If the property is leased in a manner that does not
24 qualify for this exemption or used in any other non-exempt
25 manner, the lessor shall be liable for the tax imposed under
26 this Act or the Service Use Tax Act, as the case may be, based

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

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

21 (25) Beginning with taxable years ending on or after
22 December 31, 1995 and ending with taxable years ending on or
23 before December 31, 2004, personal property that is used in the
24 performance of infrastructure repairs in this State, including
25 but not limited to municipal roads and streets, access roads,
26 bridges, sidewalks, waste disposal systems, water and sewer

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

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

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

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

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

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

1 coin-operated amusement and vending machines. This paragraph
2 is exempt from the provisions of Section 3-90.

3 (30) Beginning January 1, 2001 and through June 30, 2011,
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 nonprescription 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 MR/DD Community Care Act.

15 (31) Beginning on the effective date of this amendatory Act
16 of the 92nd General Assembly, computers and communications
17 equipment utilized for any hospital purpose and equipment used
18 in the diagnosis, analysis, or treatment of hospital patients
19 purchased by a lessor who leases the equipment, under a lease
20 of one year or longer executed or in effect at the time the
21 lessor would otherwise be subject to the tax imposed by this
22 Act, to a hospital that has been issued an active tax exemption
23 identification number by the Department under Section 1g of the
24 Retailers' Occupation Tax Act. If the equipment is leased in a
25 manner that does not qualify for this exemption or is used in
26 any other nonexempt manner, the lessor shall be liable for the

1 tax imposed under this Act or the Service Use Tax Act, as the
2 case may be, based on the fair market value of the property at
3 the time the nonqualifying use occurs. No lessor shall collect
4 or attempt to collect an amount (however designated) that
5 purports to reimburse that lessor for the tax imposed by this
6 Act or the Service Use Tax Act, as the case may be, if the tax
7 has not been paid by the lessor. If a lessor improperly
8 collects any such amount from the lessee, the lessee shall have
9 a legal right to claim a refund of that amount from the lessor.
10 If, however, that amount is not refunded to the lessee for any
11 reason, the lessor is liable to pay that amount to the
12 Department. This paragraph is exempt from the provisions of
13 Section 3-90.

14 (32) Beginning on the effective date of this amendatory Act
15 of the 92nd General Assembly, personal property purchased by a
16 lessor who leases the property, under a lease of one year or
17 longer executed or in effect at the time the lessor would
18 otherwise be subject to the tax imposed by this Act, to a
19 governmental body that has been issued an active sales tax
20 exemption identification number by the Department under
21 Section 1g of the Retailers' Occupation Tax Act. If the
22 property is leased in a manner that does not qualify for this
23 exemption or used in any other nonexempt manner, the lessor
24 shall be liable for the tax imposed under this Act or the
25 Service Use Tax Act, as the case may be, based on the fair
26 market value of the property at the time the nonqualifying use

1 occurs. No lessor shall collect or attempt to collect an amount
2 (however designated) that purports to reimburse that lessor for
3 the tax imposed by this Act or the Service Use Tax Act, as the
4 case may be, if the tax has not been paid by the lessor. If a
5 lessor improperly collects any such amount from the lessee, the
6 lessee shall have a legal right to claim a refund of that
7 amount from the lessor. If, however, that amount is not
8 refunded to the lessee for any reason, the lessor is liable to
9 pay that amount to the Department. This paragraph is exempt
10 from the provisions of Section 3-90.

11 (33) On and after July 1, 2003 and through June 30, 2004,
12 the use in this State of motor vehicles of the second division
13 with a gross vehicle weight in excess of 8,000 pounds and that
14 are subject to the commercial distribution fee imposed under
15 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
16 1, 2004 and through June 30, 2005, the use in this State of
17 motor vehicles of the second division: (i) with a gross vehicle
18 weight rating in excess of 8,000 pounds; (ii) that are subject
19 to the commercial distribution fee imposed under Section
20 3-815.1 of the Illinois Vehicle Code; and (iii) that are
21 primarily used for commercial purposes. Through June 30, 2005,
22 this exemption applies to repair and replacement parts added
23 after the initial purchase of such a motor vehicle if that
24 motor vehicle is used in a manner that would qualify for the
25 rolling stock exemption otherwise provided for in this Act. For
26 purposes of this paragraph, the term "used for commercial

1 purposes" means the transportation of persons or property in
2 furtherance of any commercial or industrial enterprise,
3 whether for-hire or not.

4 (34) 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 3-90.

11 (35) 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 (36) Tangible personal property purchased by 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 3-90.

22 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,
23 eff. 8-21-08; 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.)

1 (35 ILCS 105/3-90)

2 Sec. 3-90. Sunset of exemptions, credits, and deductions.
3 The application of every exemption, credit, and deduction
4 against tax imposed by this Act that becomes law after the
5 effective date of this amendatory Act of 1994 shall be limited
6 by a reasonable and appropriate sunset date. A taxpayer is not
7 entitled to take the exemption, credit, or deduction beginning
8 on the sunset date and thereafter. If a reasonable and
9 appropriate sunset date is not specified in the Public Act that
10 creates the exemption, credit, or deduction, a taxpayer shall
11 not be entitled to take the exemption, credit, or deduction
12 beginning 5 years after the effective date of the Public Act
13 creating the exemption, credit, or deduction and thereafter. No
14 exemption, credit, or deduction against a tax imposed by this
15 Act that was in effect prior to September 16, 1994 (the
16 effective date of Public Act 88-660) may be taken on or after
17 December 31, 2012 unless a different sunset date is stated in
18 the provision setting forth the exemption, credit, or
19 deduction.

20 (Source: P.A. 88-660, eff. 9-16-94; 89-235, eff. 8-4-95.)

21 Section 30. The Service Use Tax Act is amended by changing
22 Sections 3-5 and 3-75 as follows:

23 (35 ILCS 110/3-5)

24 Sec. 3-5. Exemptions. Use of the following tangible

1 personal property is exempt from the tax imposed by this Act:

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

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

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

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

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

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

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

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

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

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

26 (8) Fuel and petroleum products sold to or used by an air

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

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

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

25 (11) Proceeds from the sale of photoprocessing machinery
26 and equipment, including repair and replacement parts, both new

1 and used, including that manufactured on special order,
2 certified by the purchaser to be used primarily for
3 photoprocessing, and including photoprocessing machinery and
4 equipment purchased for lease.

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

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

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

26 (15) Computers and communications equipment utilized for

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

22 (16) Personal property purchased by a lessor who leases the
23 property, under a lease of one year or longer executed or in
24 effect at the time the lessor would otherwise be subject to the
25 tax imposed by this Act, to a governmental body that has been
26 issued an active tax exemption identification number by the

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

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

26 (18) Beginning with taxable years ending on or after

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

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

18 (20) 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 (21) 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 3-75.

24 (22) 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 3-75.

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

20 (24) Beginning on the effective date of this amendatory Act
21 of the 92nd General Assembly, computers and communications
22 equipment utilized for any hospital purpose and equipment used
23 in the diagnosis, analysis, or treatment of hospital patients
24 purchased by a lessor who leases the equipment, under a lease
25 of one year or longer executed or in effect at the time the
26 lessor would otherwise be subject to the tax imposed by this

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

18 (25) Beginning on the effective date of this amendatory Act
19 of the 92nd General Assembly, personal property purchased by a
20 lessor who leases the property, under a lease of one year or
21 longer executed or in effect at the time the lessor would
22 otherwise be subject to the tax imposed by this Act, to a
23 governmental body that has been issued an active tax exemption
24 identification number by the Department under Section 1g of the
25 Retailers' Occupation Tax Act. If the property is leased in a
26 manner that does not qualify for this exemption or is used in

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

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

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

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

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

1 issued by the public-facilities corporation in connection with
2 the development of the municipal convention hall. This
3 exemption includes existing public-facilities corporations as
4 provided in Section 11-65-25 of the Illinois Municipal Code.
5 This paragraph is exempt from the provisions of Section 3-75.

6 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,
7 eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;
8 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.
9 7-2-10.)

10 (35 ILCS 110/3-75)

11 Sec. 3-75. Sunset of exemptions, credits, and deductions.
12 The application of every exemption, credit, and deduction
13 against tax imposed by this Act that becomes law after the
14 effective date of this amendatory Act of 1994 shall be limited
15 by a reasonable and appropriate sunset date. A taxpayer is not
16 entitled to take the exemption, credit, or deduction beginning
17 on the sunset date and thereafter. If a reasonable and
18 appropriate sunset date is not specified in the Public Act that
19 creates the exemption, credit, or deduction, a taxpayer shall
20 not be entitled to take the exemption, credit, or deduction
21 beginning 5 years after the effective date of the Public Act
22 creating the exemption, credit, or deduction and thereafter. No
23 exemption, credit, or deduction against a tax imposed by this
24 Act that was in effect prior to September 16, 1994 (the
25 effective date of Public Act 88-660) may be taken on or after

1 December 31, 2012 unless a different sunset date is stated in
2 the provision setting forth the exemption, credit, or
3 deduction.

4 (Source: P.A. 88-660, eff. 9-16-94; 89-235, eff. 8-4-95.)

5 Section 35. The Service Occupation Tax Act is amended by
6 changing Sections 3-5 and 3-55 as follows:

7 (35 ILCS 115/3-5)

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

10 (1) Personal property sold by a corporation, society,
11 association, foundation, institution, or organization, other
12 than a limited liability company, that is organized and
13 operated as a not-for-profit service enterprise for the benefit
14 of persons 65 years of age or older if the personal property
15 was not purchased by the enterprise for the purpose of resale
16 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 any not-for-profit arts
21 or cultural organization that establishes, by proof required by
22 the Department by rule, that it has received an exemption under
23 Section 501(c)(3) of the Internal Revenue Code and that is
24 organized and operated primarily for the presentation or

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

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

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

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

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

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

1 such equipment.

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

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

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

25 (10) 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 (11) 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 (12) 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 (13) Beginning January 1, 1992 and through June 30, 2011,
20 food for human consumption that is to be consumed off the
21 premises where it is sold (other than alcoholic beverages, soft
22 drinks and food that has been prepared for immediate
23 consumption) and prescription and non-prescription medicines,
24 drugs, medical appliances, and insulin, urine testing
25 materials, syringes, and needles used by diabetics, for human
26 use, when purchased for use by a person receiving medical

1 assistance under Article V of the Illinois Public Aid Code who
2 resides in a licensed long-term care facility, as defined in
3 the Nursing Home Care Act, or in a licensed facility as defined
4 in the MR/DD Community Care Act.

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

7 (15) Horses, or interests in horses, registered with and
8 meeting the requirements of any of the Arabian Horse Club
9 Registry of America, Appaloosa Horse Club, American Quarter
10 Horse Association, United States Trotting Association, or
11 Jockey Club, as appropriate, used for purposes of breeding or
12 racing for prizes. This item (15) is exempt from the provisions
13 of Section 3-55, and the exemption provided for under this item
14 (15) applies for all periods beginning May 30, 1995, but no
15 claim for credit or refund is allowed on or after January 1,
16 2008 (the effective date of Public Act 95-88) for such taxes
17 paid during the period beginning May 30, 2000 and ending on
18 January 1, 2008 (the effective date of Public Act 95-88).

19 (16) Computers and communications equipment utilized for
20 any hospital purpose and equipment used in the diagnosis,
21 analysis, or treatment of hospital patients sold to a lessor
22 who leases the equipment, under a lease of one year or longer
23 executed or in effect at the time of the purchase, 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.

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

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

17 (19) 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 used in the
20 performance of infrastructure repairs in this State, including
21 but not limited to municipal roads and streets, access roads,
22 bridges, sidewalks, waste disposal systems, water and sewer
23 line extensions, water distribution and purification
24 facilities, storm water drainage and retention facilities, and
25 sewage treatment facilities, resulting from a State or
26 federally declared disaster in Illinois or bordering Illinois

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

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

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

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

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

25 (24) Beginning on the effective date of this amendatory Act
26 of the 92nd General Assembly, computers and communications

1 equipment utilized for any hospital purpose and equipment used
2 in the diagnosis, analysis, or treatment of hospital patients
3 sold to a lessor who leases the equipment, under a lease of one
4 year or longer executed or in effect at the time of the
5 purchase, to a hospital that has been issued an active tax
6 exemption identification number by the Department under
7 Section 1g of the Retailers' Occupation Tax Act. This paragraph
8 is exempt from the provisions of Section 3-55.

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

17 (26) Beginning on January 1, 2002 and through June 30,
18 2011, tangible personal property purchased from an Illinois
19 retailer by a taxpayer engaged in centralized purchasing
20 activities in Illinois who will, upon receipt of the property
21 in Illinois, temporarily store the property in Illinois (i) for
22 the purpose of subsequently transporting it outside this State
23 for use or consumption thereafter solely outside this State or
24 (ii) for the purpose of being processed, fabricated, or
25 manufactured into, attached to, or incorporated into other
26 tangible personal property to be transported outside this State

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

14 (27) Beginning January 1, 2008, tangible personal property
15 used in the construction or maintenance of a community water
16 supply, as defined under Section 3.145 of the Environmental
17 Protection Act, that is operated by a not-for-profit
18 corporation that holds a valid water supply permit issued under
19 Title IV of the Environmental Protection Act. This paragraph is
20 exempt from the provisions of Section 3-55.

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

1 consideration by or on behalf of the municipality at the time
2 of the completion of the municipal convention hall or upon the
3 retirement or redemption of any bonds or other debt instruments
4 issued by the public-facilities corporation in connection with
5 the development of the municipal convention hall. This
6 exemption includes existing public-facilities corporations as
7 provided in Section 11-65-25 of the Illinois Municipal Code.
8 This paragraph is exempt from the provisions of Section 3-55.

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

1 operations in accordance with Part 145 of the Federal Aviation
2 Regulations. The exemption does not include aircraft operated
3 by a commercial air carrier providing scheduled passenger air
4 service pursuant to authority issued under Part 121 or Part 129
5 of the Federal Aviation Regulations.

6 (Source: P.A. 95-88, eff. 1-1-08; 95-538, eff. 1-1-08; 95-876,
7 eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff. 7-1-10;
8 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff.
9 7-2-10.)

10 (35 ILCS 115/3-55)

11 Sec. 3-55. Sunset of exemptions, credits, and deductions.
12 The application of every exemption, credit, and deduction
13 against tax imposed by this Act that becomes law after the
14 effective date of this amendatory Act of 1994 shall be limited
15 by a reasonable and appropriate sunset date. A taxpayer is not
16 entitled to take the exemption, credit, or deduction beginning
17 on the sunset date and thereafter. If a reasonable and
18 appropriate sunset date is not specified in the Public Act that
19 creates the exemption, credit, or deduction, a taxpayer shall
20 not be entitled to take the exemption, credit, or deduction
21 beginning 5 years after the effective date of the Public Act
22 creating the exemption, credit, or deduction and thereafter. No
23 exemption, credit, or deduction against a tax imposed by this
24 Act that was in effect prior to September 16, 1994 (the
25 effective date of Public Act 88-660) may be taken on or after

1 December 31, 2012 unless a different sunset date is stated in
2 the provision setting forth the exemption, credit, or
3 deduction.

4 (Source: P.A. 88-660, eff. 9-16-94.)

5 Section 40. The Retailers' Occupation Tax Act is amended by
6 changing Sections 2-5 and 2-70 as follows:

7 (35 ILCS 120/2-5)

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

11 (1) Farm chemicals.

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

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

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

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

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

1 as motor fuel or as a component of motor fuel for the personal
2 use of the user, and not subject to sale or resale.

3 (4) Until July 1, 2003 and beginning again 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 or
7 purchased for lease, certified by the purchaser to be used
8 primarily for graphic arts production. Equipment includes
9 chemicals or chemicals acting as catalysts but only if the
10 chemicals or chemicals acting as catalysts effect a direct and
11 immediate change upon a graphic arts product.

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

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

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

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

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

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

17 (12) Tangible personal property sold to interstate
18 carriers for hire for use as rolling stock moving in interstate
19 commerce or to lessors under leases of one year or longer
20 executed or in effect at the time of purchase 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 (12-5) On and after July 1, 2003 and through June 30, 2004,

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

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

25 (14) Machinery and equipment that will be used by the
26 purchaser, or a lessee of the purchaser, primarily in the

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

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

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

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

1 of the property to a destination outside Illinois, for use
2 outside Illinois.

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

7 (19) 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 (20) 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 (21) 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 (22) Fuel and petroleum products sold to or used by an air
2 carrier, certified by the carrier to be used for consumption,
3 shipment, or storage in the conduct of its business as an air
4 common carrier, for a flight destined for or returning from a
5 location or locations outside the United States without regard
6 to previous or subsequent domestic stopovers.

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

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

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

1 facie evidence that the motor vehicle will not be titled in
2 this State.

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

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

5 (25-7) Beginning on July 1, 2007, no tax is imposed under
6 this Act on the sale of an aircraft, as defined in Section 3 of
7 the Illinois Aeronautics Act, if all of the following
8 conditions are met:

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

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

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

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

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

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

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

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

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

26 (28) Computers and communications equipment utilized for

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

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

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

23 (31) 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 used in the
26 performance of infrastructure repairs in this State, including

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

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

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

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

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

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

1 vending business if a use or occupation tax is paid on the
2 gross receipts derived from the use of the commercial,
3 coin-operated amusement and vending machines. This paragraph
4 is exempt from the provisions of Section 2-70.

5 (35-5) Beginning August 23, 2001 and through June 30, 2011,
6 food for human consumption that is to be consumed off the
7 premises where it is sold (other than alcoholic beverages, soft
8 drinks, and food that has been prepared for immediate
9 consumption) and prescription and nonprescription medicines,
10 drugs, medical appliances, and insulin, urine testing
11 materials, syringes, and needles used by diabetics, for human
12 use, when purchased for use by a person receiving medical
13 assistance under Article V of the Illinois Public Aid Code who
14 resides in a licensed long-term care facility, as defined in
15 the Nursing Home Care Act, or a licensed facility as defined in
16 the MR/DD Community Care 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 2011, 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. 95-88, eff. 1-1-08; 95-233, eff. 8-16-07; 95-304,
23 eff. 8-20-07; 95-538, eff. 1-1-08; 95-707, eff. 1-11-08;
24 95-876, eff. 8-21-08; 96-116, eff. 7-31-09; 96-339, eff.
25 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000,
26 eff. 7-2-10.)

1 (35 ILCS 120/2-70)

2 Sec. 2-70. Sunset of exemptions, credits, and deductions.
3 The application of every exemption, credit, and deduction
4 against tax imposed by this Act that becomes law after the
5 effective date of this amendatory Act of 1994 shall be limited
6 by a reasonable and appropriate sunset date. A taxpayer is not
7 entitled to take the exemption, credit, or deduction beginning
8 on the sunset date and thereafter. If a reasonable and
9 appropriate sunset date is not specified in the Public Act that
10 creates the exemption, credit, or deduction, a taxpayer shall
11 not be entitled to take the exemption, credit, or deduction
12 beginning 5 years after the effective date of the Public Act
13 creating the exemption, credit, or deduction and thereafter. No
14 exemption, credit, or deduction against a tax imposed by this
15 Act that was in effect prior to September 16, 1994 (the
16 effective date of Public Act 88-660) may be taken on or after
17 December 31, 2012 unless a different sunset date is stated in
18 the provision setting forth the exemption, credit, or
19 deduction.

20 (Source: P.A. 88-660, eff. 9-16-94.)

21 Section 99. Effective date. This Act takes effect upon
22 becoming law."