



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB3521

by Rep. David Harris

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-5	
35 ILCS 105/3-10	
35 ILCS 110/3-5	
35 ILCS 110/3-10	from Ch. 120, par. 439.33-10
35 ILCS 115/3-5	
35 ILCS 115/3-10	from Ch. 120, par. 439.103-10
35 ILCS 120/2-5	
35 ILCS 120/2-10	
35 ILCS 505/2	from Ch. 120, par. 418
35 ILCS 505/8	from Ch. 120, par. 424

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that motor fuel is exempt from taxation under those Acts. Amends the Motor Fuel Tax Law. Provides that the rate of tax under that Act shall be (i) 36 cents per gallon for diesel (currently 21.5 cents per gallon) and 35 cents per gallon for other motor fuel (currently, 19 cents per gallon). Provides that certain amounts shall be transferred from the Motor Fuel Tax Fund to the General Revenue Fund.

LRB099 10113 HLH 30336 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

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

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

25 (5) Until July 1, 2003, a passenger car that is a
26 replacement vehicle to the extent that the purchase price of

1 the car is subject to the Replacement Vehicle Tax.

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

12 (7) Farm chemicals.

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

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

20 (10) A motor vehicle that is used for automobile renting,
21 as defined in the Automobile Renting Occupation and Use Tax
22 Act.

23 (11) Farm machinery and equipment, both new and used,
24 including that manufactured on special order, certified by the
25 purchaser to be used primarily for production agriculture or
26 State or federal agricultural programs, including individual

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

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

24 Farm machinery and equipment also includes computers,
25 sensors, software, and related equipment used primarily in the
26 computer-assisted operation of production agriculture

1 facilities, equipment, and activities such as, but not limited
2 to, the collection, monitoring, and correlation of animal and
3 crop data for the purpose of formulating animal diets and
4 agricultural chemicals. This item (11) is exempt from the
5 provisions of Section 3-90.

6 (12) Until June 30, 2013, fuel and petroleum products sold
7 to or used by an air common carrier, certified by the carrier
8 to be used for consumption, shipment, or storage in the conduct
9 of its business as an air common carrier, for a flight destined
10 for or returning from a location or locations outside the
11 United States without regard to previous or subsequent domestic
12 stopovers.

13 Beginning July 1, 2013, fuel and petroleum products sold to
14 or used by an air carrier, certified by the carrier to be used
15 for consumption, shipment, or storage in the conduct of its
16 business as an air common carrier, for a flight that (i) is
17 engaged in foreign trade or is engaged in trade between the
18 United States and any of its possessions and (ii) transports at
19 least one individual or package for hire from the city of
20 origination to the city of final destination on the same
21 aircraft, without regard to a change in the flight number of
22 that aircraft.

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

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

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

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

19 (16) Coal and aggregate exploration, mining, off-highway
20 hauling, processing, maintenance, and reclamation equipment,
21 including replacement parts and equipment, and including
22 equipment purchased for lease, but excluding motor vehicles
23 required to be registered under the Illinois Vehicle Code. The
24 changes made to this Section by Public Act 97-767 apply on and
25 after July 1, 2003, but no claim for credit or refund is
26 allowed on or after August 16, 2013 (the effective date of

1 Public Act 98-456) for such taxes paid during the period
2 beginning July 1, 2003 and ending on August 16, 2013 (the
3 effective date of Public Act 98-456).

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

10 (18) Manufacturing and assembling machinery and equipment
11 used primarily in the process of manufacturing or assembling
12 tangible personal property for wholesale or retail sale or
13 lease, whether that sale or lease is made directly by the
14 manufacturer or by some other person, whether the materials
15 used in the process are owned by the manufacturer or some other
16 person, or whether that sale or lease is made apart from or as
17 an incident to the seller's engaging in the service occupation
18 of producing machines, tools, dies, jigs, patterns, gauges, or
19 other similar items of no commercial value on special order for
20 a particular purchaser. The exemption provided by this
21 paragraph (18) does not include machinery and equipment used in
22 (i) the generation of electricity for wholesale or retail sale;
23 (ii) the generation or treatment of natural or artificial gas
24 for wholesale or retail sale that is delivered to customers
25 through pipes, pipelines, or mains; or (iii) the treatment of
26 water for wholesale or retail sale that is delivered to

1 customers through pipes, pipelines, or mains. The provisions of
2 Public Act 98-583 are declaratory of existing law as to the
3 meaning and scope of this exemption.

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

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

11 (21) Horses, or interests in horses, registered with and
12 meeting the requirements of any of the Arabian Horse Club
13 Registry of America, Appaloosa Horse Club, American Quarter
14 Horse Association, United States Trotting Association, or
15 Jockey Club, as appropriate, used for purposes of breeding or
16 racing for prizes. This item (21) is exempt from the provisions
17 of Section 3-90, and the exemption provided for under this item
18 (21) applies for all periods beginning May 30, 1995, but no
19 claim for credit or refund is allowed on or after January 1,
20 2008 for such taxes paid during the period beginning May 30,
21 2000 and ending on January 1, 2008.

22 (22) Computers and communications equipment utilized for
23 any hospital purpose and equipment used in the diagnosis,
24 analysis, or treatment of hospital patients purchased by a
25 lessor who leases the equipment, under a lease of one year or
26 longer executed or in effect at the time the lessor would

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

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

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

13 (24) 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 (25) 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 (26) Beginning July 1, 1999, game or game birds purchased
10 at a "game breeding and hunting preserve area" as that term is
11 used in the Wildlife Code. This paragraph is exempt from the
12 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, 2016,
4 food for human consumption that is to be consumed off the
5 premises where it is sold (other than alcoholic beverages, soft
6 drinks, and food that has been prepared for immediate
7 consumption) and prescription and 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 ID/DD Community Care Act or the Specialized Mental
15 Health Rehabilitation Act of 2013.

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

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

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

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

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

5 (34) Beginning January 1, 2008, tangible personal property
6 used in the construction or maintenance of a community water
7 supply, as defined under Section 3.145 of the Environmental
8 Protection Act, that is operated by a not-for-profit
9 corporation that holds a valid water supply permit issued under
10 Title IV of the Environmental Protection Act. This paragraph is
11 exempt from the provisions of Section 3-90.

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

1 tangible personal property by persons who modify, refurbish,
2 complete, repair, replace, or maintain aircraft and who (i)
3 hold an Air Agency Certificate and are empowered to operate an
4 approved repair station by the Federal Aviation
5 Administration, (ii) have a Class IV Rating, and (iii) conduct
6 operations in accordance with Part 145 of the Federal Aviation
7 Regulations. The exemption does not include aircraft operated
8 by a commercial air carrier providing scheduled passenger air
9 service pursuant to authority issued under Part 121 or Part 129
10 of the Federal Aviation Regulations. The changes made to this
11 paragraph (35) by Public Act 98-534 are declarative of existing
12 law.

13 (36) Tangible personal property purchased by a
14 public-facilities corporation, as described in Section
15 11-65-10 of the Illinois Municipal Code, for purposes of
16 constructing or furnishing a municipal convention hall, but
17 only if the legal title to the municipal convention hall is
18 transferred to the municipality without any further
19 consideration by or on behalf of the municipality at the time
20 of the completion of the municipal convention hall or upon the
21 retirement or redemption of any bonds or other debt instruments
22 issued by the public-facilities corporation in connection with
23 the development of the municipal convention hall. This
24 exemption includes existing public-facilities corporations as
25 provided in Section 11-65-25 of the Illinois Municipal Code.
26 This paragraph is exempt from the provisions of Section 3-90.

1 (37) Beginning on July 1, 2015, motor fuel, as defined in
2 Section 1.1 of the Motor Fuel Tax Law. This paragraph is exempt
3 from the provisions of Section 3-90.

4 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431,
5 eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12; 98-104,
6 eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13;
7 98-534, eff. 8-23-13; 98-574, eff. 1-1-14; 98-583, eff. 1-1-14;
8 98-756, eff. 7-16-14.)

9 (35 ILCS 105/3-10)

10 Sec. 3-10. Rate of tax. Unless otherwise provided in this
11 Section, the tax imposed by this Act is at the rate of 6.25% of
12 either the selling price or the fair market value, if any, of
13 the tangible personal property. In all cases where property
14 functionally used or consumed is the same as the property that
15 was purchased at retail, then the tax is imposed on the selling
16 price of the property. In all cases where property functionally
17 used or consumed is a by-product or waste product that has been
18 refined, manufactured, or produced from property purchased at
19 retail, then the tax is imposed on the lower of the fair market
20 value, if any, of the specific property so used in this State
21 or on the selling price of the property purchased at retail.
22 For purposes of this Section "fair market value" means the
23 price at which property would change hands between a willing
24 buyer and a willing seller, neither being under any compulsion
25 to buy or sell and both having reasonable knowledge of the

1 relevant facts. The fair market value shall be established by
2 Illinois sales by the taxpayer of the same property as that
3 functionally used or consumed, or if there are no such sales by
4 the taxpayer, then comparable sales or purchases of property of
5 like kind and character in Illinois.

6 Beginning on July 1, 2000 and through December 31, 2000,
7 with respect to motor fuel, as defined in Section 1.1 of the
8 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
9 the Use Tax Act, the tax is imposed at the rate of 1.25%.

10 Beginning on August 6, 2010 through August 15, 2010, with
11 respect to sales tax holiday items as defined in Section 3-6 of
12 this Act, the tax is imposed at the rate of 1.25%.

13 With respect to gasohol, the tax imposed by this Act
14 applies to (i) 70% of the proceeds of sales made on or after
15 January 1, 1990, and before July 1, 2003 and ~~7~~ (ii) 80% of the
16 proceeds of sales made on or after July 1, 2003 and on or
17 before June 30, 2015. On and after July 1, 2015, gasohol is
18 exempt from taxation under this Act. December 31, 2018, and
19 ~~(iii) 100% of the proceeds of sales made thereafter. If, at any~~
20 ~~time, however, the tax under this Act on sales of gasohol is~~
21 ~~imposed at the rate of 1.25%, then the tax imposed by this Act~~
22 ~~applies to 100% of the proceeds of sales of gasohol made during~~
23 ~~that time.~~

24 With respect to majority blended ethanol fuel, the tax
25 imposed by this Act does not apply to the proceeds of sales
26 made on or after July 1, 2003 ~~and on or before December 31,~~

1 ~~2018 but applies to 100% of the proceeds of sales made~~
2 ~~thereafter.~~

3 With respect to biodiesel blends with no less than 1% and
4 no more than 10% biodiesel, the tax imposed by this Act applies
5 to ~~(i)~~ 80% of the proceeds of sales made on or after July 1,
6 2003 and on or before June 30, 2015. On and after July 1, 2015,
7 those biodiesel blends are exempt from taxation under this Act.
8 ~~December 31, 2018 and (ii) 100% of the proceeds of sales made~~
9 ~~thereafter. If, at any time, however, the tax under this Act on~~
10 ~~sales of biodiesel blends with no less than 1% and no more than~~
11 ~~10% biodiesel is imposed at the rate of 1.25%, then the tax~~
12 ~~imposed by this Act applies to 100% of the proceeds of sales of~~
13 ~~biodiesel blends with no less than 1% and no more than 10%~~
14 ~~biodiesel made during that time.~~

15 With respect to 100% biodiesel and biodiesel blends with
16 more than 10% but no more than 99% biodiesel, the tax imposed
17 by this Act does not apply to the proceeds of sales made on or
18 after July 1, 2003 ~~and on or before December 31, 2018 but~~
19 ~~applies to 100% of the proceeds of sales made thereafter.~~

20 With respect to food for human consumption that is to be
21 consumed off the premises where it is sold (other than
22 alcoholic beverages, soft drinks, and food that has been
23 prepared for immediate consumption) and prescription and
24 nonprescription medicines, drugs, medical appliances,
25 modifications to a motor vehicle for the purpose of rendering
26 it usable by a disabled person, and insulin, urine testing

1 materials, syringes, and needles used by diabetics, for human
2 use, the tax is imposed at the rate of 1%. For the purposes of
3 this Section, until September 1, 2009: the term "soft drinks"
4 means any complete, finished, ready-to-use, non-alcoholic
5 drink, whether carbonated or not, including but not limited to
6 soda water, cola, fruit juice, vegetable juice, carbonated
7 water, and all other preparations commonly known as soft drinks
8 of whatever kind or description that are contained in any
9 closed or sealed bottle, can, carton, or container, regardless
10 of size; but "soft drinks" does not include coffee, tea,
11 non-carbonated water, infant formula, milk or milk products as
12 defined in the Grade A Pasteurized Milk and Milk Products Act,
13 or drinks containing 50% or more natural fruit or vegetable
14 juice.

15 Notwithstanding any other provisions of this Act,
16 beginning September 1, 2009, "soft drinks" means non-alcoholic
17 beverages that contain natural or artificial sweeteners. "Soft
18 drinks" do not include beverages that contain milk or milk
19 products, soy, rice or similar milk substitutes, or greater
20 than 50% of vegetable or fruit juice by volume.

21 Until August 1, 2009, and notwithstanding any other
22 provisions of this Act, "food for human consumption that is to
23 be consumed off the premises where it is sold" includes all
24 food sold through a vending machine, except soft drinks and
25 food products that are dispensed hot from a vending machine,
26 regardless of the location of the vending machine. Beginning

1 August 1, 2009, and notwithstanding any other provisions of
2 this Act, "food for human consumption that is to be consumed
3 off the premises where it is sold" includes all food sold
4 through a vending machine, except soft drinks, candy, and food
5 products that are dispensed hot from a vending machine,
6 regardless of the location of the vending machine.

7 Notwithstanding any other provisions of this Act,
8 beginning September 1, 2009, "food for human consumption that
9 is to be consumed off the premises where it is sold" does not
10 include candy. For purposes of this Section, "candy" means a
11 preparation of sugar, honey, or other natural or artificial
12 sweeteners in combination with chocolate, fruits, nuts or other
13 ingredients or flavorings in the form of bars, drops, or
14 pieces. "Candy" does not include any preparation that contains
15 flour or requires refrigeration.

16 Notwithstanding any other provisions of this Act,
17 beginning September 1, 2009, "nonprescription medicines and
18 drugs" does not include grooming and hygiene products. For
19 purposes of this Section, "grooming and hygiene products"
20 includes, but is not limited to, soaps and cleaning solutions,
21 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
22 lotions and screens, unless those products are available by
23 prescription only, regardless of whether the products meet the
24 definition of "over-the-counter-drugs". For the purposes of
25 this paragraph, "over-the-counter-drug" means a drug for human
26 use that contains a label that identifies the product as a drug

1 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
2 label includes:

3 (A) A "Drug Facts" panel; or

4 (B) A statement of the "active ingredient(s)" with a
5 list of those ingredients contained in the compound,
6 substance or preparation.

7 Beginning on the effective date of this amendatory Act of
8 the 98th General Assembly, "prescription and nonprescription
9 medicines and drugs" includes medical cannabis purchased from a
10 registered dispensing organization under the Compassionate Use
11 of Medical Cannabis Pilot Program Act.

12 If the property that is purchased at retail from a retailer
13 is acquired outside Illinois and used outside Illinois before
14 being brought to Illinois for use here and is taxable under
15 this Act, the "selling price" on which the tax is computed
16 shall be reduced by an amount that represents a reasonable
17 allowance for depreciation for the period of prior out-of-state
18 use.

19 (Source: P.A. 97-636, eff. 6-1-12; 98-122, eff. 1-1-14.)

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

22 (35 ILCS 110/3-5)

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

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

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

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

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

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

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

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

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

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

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

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

25 (8) Until June 30, 2013, fuel and petroleum products sold
26 to or used by an air common carrier, certified by the carrier

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

6 Beginning July 1, 2013, fuel and petroleum products sold to
7 or used by an air carrier, certified by the carrier to be used
8 for consumption, shipment, or storage in the conduct of its
9 business as an air common carrier, for a flight that (i) is
10 engaged in foreign trade or is engaged in trade between the
11 United States and any of its possessions and (ii) transports at
12 least one individual or package for hire from the city of
13 origination to the city of final destination on the same
14 aircraft, without regard to a change in the flight number of
15 that aircraft.

16 (9) Proceeds of mandatory service charges separately
17 stated on customers' bills for the purchase and consumption of
18 food and beverages acquired as an incident to the purchase of a
19 service from a serviceman, to the extent that the proceeds of
20 the 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) Proceeds from the sale of photoprocessing machinery
9 and equipment, including repair and replacement parts, both new
10 and used, including that manufactured on special order,
11 certified by the purchaser to be used primarily for
12 photoprocessing, and including photoprocessing machinery and
13 equipment purchased for lease.

14 (12) Coal and aggregate exploration, mining, off-highway
15 hauling, processing, maintenance, and reclamation equipment,
16 including replacement parts and equipment, and including
17 equipment purchased for lease, but excluding motor vehicles
18 required to be registered under the Illinois Vehicle Code. The
19 changes made to this Section by Public Act 97-767 apply on and
20 after July 1, 2003, but no claim for credit or refund is
21 allowed on or after August 16, 2013 (the effective date of
22 Public Act 98-456) for such taxes paid during the period
23 beginning July 1, 2003 and ending on August 16, 2013 (the
24 effective date of Public Act 98-456).

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

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

14 (15) Computers and communications equipment utilized for
15 any hospital purpose and equipment used in the diagnosis,
16 analysis, or treatment of hospital patients purchased by a
17 lessor who leases the equipment, under a lease of one year or
18 longer executed or in effect at the time the lessor would
19 otherwise be subject to the tax imposed by this Act, to a
20 hospital that has been issued an active tax exemption
21 identification number by the Department under Section 1g of the
22 Retailers' Occupation Tax Act. If the equipment is leased in a
23 manner that does not qualify for this exemption or is used in
24 any other non-exempt manner, the lessor shall be liable for the
25 tax imposed under this Act or the Use Tax Act, as the case may
26 be, based on the fair market value of the property at the time

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

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

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

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

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

26 (19) Beginning July 1, 1999, game or game birds purchased

1 at a "game breeding and hunting preserve area" as that term is
2 used in the Wildlife Code. This paragraph is exempt from the
3 provisions of Section 3-75.

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

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

1 district that consists primarily of volunteers and includes
2 parents and teachers of the school children. This paragraph
3 does not apply to fundraising events (i) for the benefit of
4 private home instruction or (ii) for which the fundraising
5 entity purchases the personal property sold at the events from
6 another individual or entity that sold the property for the
7 purpose of resale by the fundraising entity and that profits
8 from the sale to the fundraising entity. This paragraph is
9 exempt from the provisions of Section 3-75.

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

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

1 use, when purchased for use by a person receiving medical
2 assistance under Article V of the Illinois Public Aid Code who
3 resides in a licensed long-term care facility, as defined in
4 the Nursing Home Care Act, or in a licensed facility as defined
5 in the ID/DD Community Care Act or the Specialized Mental
6 Health Rehabilitation Act of 2013.

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

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

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

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

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

1 repair station by the Federal Aviation Administration, (ii)
2 have a Class IV Rating, and (iii) conduct operations in
3 accordance with Part 145 of the Federal Aviation Regulations.
4 The exemption does not include aircraft operated by a
5 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. The changes made to this
8 paragraph (27) by Public Act 98-534 are declarative of existing
9 law.

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

24 (29) Beginning on July 1, 2015, motor fuel, as defined in
25 Section 1.1 of the Motor Fuel Tax Law. This paragraph is exempt
26 from the provisions of Section 3-75.

1 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431,
2 eff. 8-16-11; 97-636, eff. 6-1-12; 97-767, eff. 7-9-12; 98-104,
3 eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13;
4 98-534, eff. 8-23-13; 98-756, eff. 7-16-14.)

5 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

6 Sec. 3-10. Rate of tax. Unless otherwise provided in this
7 Section, the tax imposed by this Act is at the rate of 6.25% of
8 the selling price of tangible personal property transferred as
9 an incident to the sale of service, but, for the purpose of
10 computing this tax, in no event shall the selling price be less
11 than the cost price of the property to the serviceman.

12 Beginning on July 1, 2000 and through December 31, 2000,
13 with respect to motor fuel, as defined in Section 1.1 of the
14 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
15 the Use Tax Act, the tax is imposed at the rate of 1.25%.

16 With respect to gasohol, as defined in the Use Tax Act, the
17 tax imposed by this Act applies to (i) 70% of the selling price
18 of property transferred as an incident to the sale of service
19 on or after January 1, 1990, and before July 1, 2003 and (ii)
20 80% of the selling price of property transferred as an incident
21 to the sale of service on or after July 1, 2003 and on or before
22 June 30, 2015. On and after July 1, 2015, gasohol is exempt
23 from taxation under this Act. ~~December 31, 2018, and (iii) 100%~~
24 ~~of the selling price thereafter. If, at any time, however, the~~
25 ~~tax under this Act on sales of gasohol, as defined in the Use~~

1 ~~Tax Act, is imposed at the rate of 1.25%, then the tax imposed~~
2 ~~by this Act applies to 100% of the proceeds of sales of gasohol~~
3 ~~made during that time.~~

4 With respect to majority blended ethanol fuel, as defined
5 in the Use Tax Act, the tax imposed by this Act does not apply
6 to the selling price of property transferred as an incident to
7 the sale of service on or after July 1, 2003 ~~and on or before~~
8 ~~December 31, 2018 but applies to 100% of the selling price~~
9 ~~thereafter.~~

10 With respect to biodiesel blends, as defined in the Use Tax
11 Act, with no less than 1% and no more than 10% biodiesel, the
12 tax imposed by this Act applies to ~~(i)~~ 80% of the selling price
13 of property transferred as an incident to the sale of service
14 on or after July 1, 2003 and on or before June 30, 2015. On and
15 after July 1, 2015, those biodiesel blends are exempt from
16 taxation under this Act. ~~December 31, 2018 and (ii) 100% of the~~
17 ~~proceeds of the selling price thereafter. If, at any time,~~
18 ~~however, the tax under this Act on sales of biodiesel blends,~~
19 ~~as defined in the Use Tax Act, with no less than 1% and no more~~
20 ~~than 10% biodiesel is imposed at the rate of 1.25%, then the~~
21 ~~tax imposed by this Act applies to 100% of the proceeds of~~
22 ~~sales of biodiesel blends with no less than 1% and no more than~~
23 ~~10% biodiesel made during that time.~~

24 With respect to 100% biodiesel, as defined in the Use Tax
25 Act, and biodiesel blends, as defined in the Use Tax Act, with
26 more than 10% but no more than 99% biodiesel, the tax imposed

1 by this Act does not apply to the proceeds of the selling price
2 of property transferred as an incident to the sale of service
3 on or after July 1, 2003 ~~and on or before December 31, 2018 but~~
4 ~~applies to 100% of the selling price thereafter.~~

5 At the election of any registered serviceman made for each
6 fiscal year, sales of service in which the aggregate annual
7 cost price of tangible personal property transferred as an
8 incident to the sales of service is less than 35%, or 75% in
9 the case of servicemen transferring prescription drugs or
10 servicemen engaged in graphic arts production, of the aggregate
11 annual total gross receipts from all sales of service, the tax
12 imposed by this Act shall be based on the serviceman's cost
13 price of the tangible personal property transferred as an
14 incident to the sale of those services.

15 The tax shall be imposed at the rate of 1% on food prepared
16 for immediate consumption and transferred incident to a sale of
17 service subject to this Act or the Service Occupation Tax Act
18 by an entity licensed under the Hospital Licensing Act, the
19 Nursing Home Care Act, the ID/DD Community Care Act, the
20 Specialized Mental Health Rehabilitation Act of 2013, or the
21 Child Care Act of 1969. The tax shall also be imposed at the
22 rate of 1% on food for human consumption that is to be consumed
23 off the premises where it is sold (other than alcoholic
24 beverages, soft drinks, and food that has been prepared for
25 immediate consumption and is not otherwise included in this
26 paragraph) and prescription and nonprescription medicines,

1 drugs, medical appliances, modifications to a motor vehicle for
2 the purpose of rendering it usable by a disabled person, and
3 insulin, urine testing materials, syringes, and needles used by
4 diabetics, for human use. For the purposes of this Section,
5 until September 1, 2009: the term "soft drinks" means any
6 complete, finished, ready-to-use, non-alcoholic drink, whether
7 carbonated or not, including but not limited to soda water,
8 cola, fruit juice, vegetable juice, carbonated water, and all
9 other preparations commonly known as soft drinks of whatever
10 kind or description that are contained in any closed or sealed
11 bottle, can, carton, or container, regardless of size; but
12 "soft drinks" does not include coffee, tea, non-carbonated
13 water, infant formula, milk or milk products as defined in the
14 Grade A Pasteurized Milk and Milk Products Act, or drinks
15 containing 50% or more natural fruit or vegetable juice.

16 Notwithstanding any other provisions of this Act,
17 beginning September 1, 2009, "soft drinks" means non-alcoholic
18 beverages that contain natural or artificial sweeteners. "Soft
19 drinks" do not include beverages that contain milk or milk
20 products, soy, rice or similar milk substitutes, or greater
21 than 50% of vegetable or fruit juice by volume.

22 Until August 1, 2009, and notwithstanding any other
23 provisions of this Act, "food for human consumption that is to
24 be consumed off the premises where it is sold" includes all
25 food sold through a vending machine, except soft drinks and
26 food products that are dispensed hot from a vending machine,

1 regardless of the location of the vending machine. Beginning
2 August 1, 2009, and notwithstanding any other provisions of
3 this Act, "food for human consumption that is to be consumed
4 off the premises where it is sold" includes all food sold
5 through a vending machine, except soft drinks, candy, and food
6 products that are dispensed hot from a vending machine,
7 regardless of the location of the vending machine.

8 Notwithstanding any other provisions of this Act,
9 beginning September 1, 2009, "food for human consumption that
10 is to be consumed off the premises where it is sold" does not
11 include candy. For purposes of this Section, "candy" means a
12 preparation of sugar, honey, or other natural or artificial
13 sweeteners in combination with chocolate, fruits, nuts or other
14 ingredients or flavorings in the form of bars, drops, or
15 pieces. "Candy" does not include any preparation that contains
16 flour or requires refrigeration.

17 Notwithstanding any other provisions of this Act,
18 beginning September 1, 2009, "nonprescription medicines and
19 drugs" does not include grooming and hygiene products. For
20 purposes of this Section, "grooming and hygiene products"
21 includes, but is not limited to, soaps and cleaning solutions,
22 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
23 lotions and screens, unless those products are available by
24 prescription only, regardless of whether the products meet the
25 definition of "over-the-counter-drugs". For the purposes of
26 this paragraph, "over-the-counter-drug" means a drug for human

1 use that contains a label that identifies the product as a drug
2 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
3 label includes:

4 (A) A "Drug Facts" panel; or

5 (B) A statement of the "active ingredient(s)" with a
6 list of those ingredients contained in the compound,
7 substance or preparation.

8 Beginning on January 1, 2014 (the effective date of Public
9 Act 98-122), "prescription and nonprescription medicines and
10 drugs" includes medical cannabis purchased from a registered
11 dispensing organization under the Compassionate Use of Medical
12 Cannabis Pilot Program Act.

13 If the property that is acquired from a serviceman is
14 acquired outside Illinois and used outside Illinois before
15 being brought to Illinois for use here and is taxable under
16 this Act, the "selling price" on which the tax is computed
17 shall be reduced by an amount that represents a reasonable
18 allowance for depreciation for the period of prior out-of-state
19 use.

20 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-636,
21 eff. 6-1-12; 98-104, eff. 7-22-13; 98-122, eff. 1-1-14; 98-756,
22 eff. 7-16-14.)

23 Section 15. The Service Occupation Tax Act is amended by
24 changing Sections 3-5 and 3-10 as follows:

1 (35 ILCS 115/3-5)

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

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

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

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

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

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

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

19 (7) 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 (7). Agricultural chemical tender tanks and dry boxes
8 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 (7) is exempt from the

1 provisions of Section 3-55.

2 (8) Until June 30, 2013, fuel and petroleum products sold
3 to or used by an air common carrier, certified by the carrier
4 to be used for consumption, shipment, or storage in the conduct
5 of its business as an air common carrier, for a flight destined
6 for or returning from a location or locations outside the
7 United States without regard to previous or subsequent domestic
8 stopovers.

9 Beginning July 1, 2013, fuel and petroleum products sold to
10 or used by an air carrier, certified by the carrier to be used
11 for consumption, shipment, or storage in the conduct of its
12 business as an air common carrier, for a flight that (i) is
13 engaged in foreign trade or is engaged in trade between the
14 United States and any of its possessions and (ii) transports at
15 least one individual or package for hire from the city of
16 origination to the city of final destination on the same
17 aircraft, without regard to a change in the flight number of
18 that aircraft.

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

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

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

15 (12) Coal and aggregate exploration, mining, off-highway
16 hauling, processing, maintenance, and reclamation equipment,
17 including replacement parts and equipment, and including
18 equipment purchased for lease, but excluding motor vehicles
19 required to be registered under the Illinois Vehicle Code. The
20 changes made to this Section by Public Act 97-767 apply on and
21 after July 1, 2003, but no claim for credit or refund is
22 allowed on or after August 16, 2013 (the effective date of
23 Public Act 98-456) for such taxes paid during the period
24 beginning July 1, 2003 and ending on August 16, 2013 (the
25 effective date of Public Act 98-456).

26 (13) Beginning January 1, 1992 and through June 30, 2016,

1 food for human consumption that is to be consumed off the
2 premises where it is sold (other than alcoholic beverages, soft
3 drinks and food that has been prepared for immediate
4 consumption) and prescription and non-prescription medicines,
5 drugs, medical appliances, and insulin, urine testing
6 materials, syringes, and needles used by diabetics, for human
7 use, when purchased for use by a person receiving medical
8 assistance under Article V of the Illinois Public Aid Code who
9 resides in a licensed long-term care facility, as defined in
10 the Nursing Home Care Act, or in a licensed facility as defined
11 in the ID/DD Community Care Act or the Specialized Mental
12 Health Rehabilitation Act of 2013.

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

15 (15) Horses, or interests in horses, registered with and
16 meeting the requirements of any of the Arabian Horse Club
17 Registry of America, Appaloosa Horse Club, American Quarter
18 Horse Association, United States Trotting Association, or
19 Jockey Club, as appropriate, used for purposes of breeding or
20 racing for prizes. This item (15) is exempt from the provisions
21 of Section 3-55, and the exemption provided for under this item
22 (15) applies for all periods beginning May 30, 1995, but no
23 claim for credit or refund is allowed on or after January 1,
24 2008 (the effective date of Public Act 95-88) for such taxes
25 paid during the period beginning May 30, 2000 and ending on
26 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

25 (19) Beginning with taxable years ending on or after
26 December 31, 1995 and ending with taxable years ending on or

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

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

15 (21) 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 (22) 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 3-55.

21 (23) 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 3-55.

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

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

23 (26) Beginning on January 1, 2002 and through June 30,
24 2016, tangible personal property purchased from an Illinois
25 retailer by a taxpayer engaged in centralized purchasing
26 activities in Illinois who will, upon receipt of the property

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

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

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

15 (29) Beginning January 1, 2010, materials, parts,
16 equipment, components, and furnishings incorporated into or
17 upon an aircraft as part of the modification, refurbishment,
18 completion, replacement, repair, or maintenance of the
19 aircraft. This exemption includes consumable supplies used in
20 the modification, refurbishment, completion, replacement,
21 repair, and maintenance of aircraft, but excludes any
22 materials, parts, equipment, components, and consumable
23 supplies used in the modification, replacement, repair, and
24 maintenance of aircraft engines or power plants, whether such
25 engines or power plants are installed or uninstalled upon any
26 such aircraft. "Consumable supplies" include, but are not

1 limited to, adhesive, tape, sandpaper, general purpose
2 lubricants, cleaning solution, latex gloves, and protective
3 films. This exemption applies only to the transfer of
4 qualifying tangible personal property incident to the
5 modification, refurbishment, completion, replacement, repair,
6 or maintenance of an aircraft by persons who (i) hold an Air
7 Agency Certificate and are empowered to operate an approved
8 repair station by the Federal Aviation Administration, (ii)
9 have a Class IV Rating, and (iii) conduct operations in
10 accordance with Part 145 of the Federal Aviation Regulations.
11 The exemption does not include aircraft operated by a
12 commercial air carrier providing scheduled passenger air
13 service pursuant to authority issued under Part 121 or Part 129
14 of the Federal Aviation Regulations. The changes made to this
15 paragraph (29) by Public Act 98-534 are declarative of existing
16 law.

17 (30) Beginning on July 1, 2015, motor fuel, as defined in
18 Section 1.1 of the Motor Fuel Tax Law. This paragraph is exempt
19 from the provisions of Section 3-55.

20 (Source: P.A. 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227,
21 eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767,
22 eff. 7-9-12; 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
23 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
24 7-16-14.)

25 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

1 Sec. 3-10. Rate of tax. Unless otherwise provided in this
2 Section, the tax imposed by this Act is at the rate of 6.25% of
3 the "selling price", as defined in Section 2 of the Service Use
4 Tax Act, of the tangible personal property. For the purpose of
5 computing this tax, in no event shall the "selling price" be
6 less than the cost price to the serviceman of the tangible
7 personal property transferred. The selling price of each item
8 of tangible personal property transferred as an incident of a
9 sale of service may be shown as a distinct and separate item on
10 the serviceman's billing to the service customer. If the
11 selling price is not so shown, the selling price of the
12 tangible personal property is deemed to be 50% of the
13 serviceman's entire billing to the service customer. When,
14 however, a serviceman contracts to design, develop, and produce
15 special order machinery or equipment, the tax imposed by this
16 Act shall be based on the serviceman's cost price of the
17 tangible personal property transferred incident to the
18 completion of the contract.

19 Beginning on July 1, 2000 and through December 31, 2000,
20 with respect to motor fuel, as defined in Section 1.1 of the
21 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
22 the Use Tax Act, the tax is imposed at the rate of 1.25%.

23 With respect to gasohol, as defined in the Use Tax Act, the
24 tax imposed by this Act shall apply to (i) 70% of the cost
25 price of property transferred as an incident to the sale of
26 service on or after January 1, 1990, and before July 1, 2003

1 ~~and~~ ~~7~~ (ii) 80% of the selling price of property transferred as
2 an incident to the sale of service on or after July 1, 2003 and
3 on or before June 30, 2015. On and after July 1, 2015, gasohol
4 is exempt from taxation under this Act. December 31, 2018, and
5 ~~(iii) 100% of the cost price thereafter. If, at any time,~~
6 ~~however, the tax under this Act on sales of gasohol, as defined~~
7 ~~in the Use Tax Act, is imposed at the rate of 1.25%, then the~~
8 ~~tax imposed by this Act applies to 100% of the proceeds of~~
9 ~~sales of gasohol made during that time.~~

10 With respect to majority blended ethanol fuel, as defined
11 in the Use Tax Act, the tax imposed by this Act does not apply
12 to the selling price of property transferred as an incident to
13 the sale of service on or after July 1, 2003 ~~and on or before~~
14 ~~December 31, 2018 but applies to 100% of the selling price~~
15 ~~thereafter.~~

16 With respect to biodiesel blends, as defined in the Use Tax
17 Act, with no less than 1% and no more than 10% biodiesel, the
18 tax imposed by this Act applies to ~~(i)~~ 80% of the selling price
19 of property transferred as an incident to the sale of service
20 on or after July 1, 2003 and on or before June 30, 2015. On and
21 after July 1, 2015, those biodiesel blends are exempt from
22 taxation under this Act. December 31, 2018 and (ii) 100% of the
23 ~~proceeds of the selling price thereafter. If, at any time,~~
24 ~~however, the tax under this Act on sales of biodiesel blends,~~
25 ~~as defined in the Use Tax Act, with no less than 1% and no more~~
26 ~~than 10% biodiesel is imposed at the rate of 1.25%, then the~~

1 ~~tax imposed by this Act applies to 100% of the proceeds of~~
2 ~~sales of biodiesel blends with no less than 1% and no more than~~
3 ~~10% biodiesel made during that time.~~

4 With respect to 100% biodiesel, as defined in the Use Tax
5 Act, and biodiesel blends, as defined in the Use Tax Act, with
6 more than 10% but no more than 99% biodiesel material, the tax
7 imposed by this Act does not apply to the proceeds of the
8 selling price of property transferred as an incident to the
9 sale of service on or after July 1, 2003 ~~and on or before~~
10 ~~December 31, 2018 but applies to 100% of the selling price~~
11 ~~thereafter.~~

12 At the election of any registered serviceman made for each
13 fiscal year, sales of service in which the aggregate annual
14 cost price of tangible personal property transferred as an
15 incident to the sales of service is less than 35%, or 75% in
16 the case of servicemen transferring prescription drugs or
17 servicemen engaged in graphic arts production, of the aggregate
18 annual total gross receipts from all sales of service, the tax
19 imposed by this Act shall be based on the serviceman's cost
20 price of the tangible personal property transferred incident to
21 the sale of those services.

22 The tax shall be imposed at the rate of 1% on food prepared
23 for immediate consumption and transferred incident to a sale of
24 service subject to this Act or the Service Occupation Tax Act
25 by an entity licensed under the Hospital Licensing Act, the
26 Nursing Home Care Act, the ID/DD Community Care Act, the

1 Specialized Mental Health Rehabilitation Act of 2013, or the
2 Child Care Act of 1969. The tax shall also be imposed at the
3 rate of 1% on food for human consumption that is to be consumed
4 off the premises where it is sold (other than alcoholic
5 beverages, soft drinks, and food that has been prepared for
6 immediate consumption and is not otherwise included in this
7 paragraph) and prescription and nonprescription medicines,
8 drugs, medical appliances, modifications to a motor vehicle for
9 the purpose of rendering it usable by a disabled person, and
10 insulin, urine testing materials, syringes, and needles used by
11 diabetics, for human use. For the purposes of this Section,
12 until September 1, 2009: the term "soft drinks" means any
13 complete, finished, ready-to-use, non-alcoholic drink, whether
14 carbonated or not, including but not limited to soda water,
15 cola, fruit juice, vegetable juice, carbonated water, and all
16 other preparations commonly known as soft drinks of whatever
17 kind or description that are contained in any closed or sealed
18 can, carton, or container, regardless of size; but "soft
19 drinks" does not include coffee, tea, non-carbonated water,
20 infant formula, milk or milk products as defined in the Grade A
21 Pasteurized Milk and Milk Products Act, or drinks containing
22 50% or more natural fruit or vegetable juice.

23 Notwithstanding any other provisions of this Act,
24 beginning September 1, 2009, "soft drinks" means non-alcoholic
25 beverages that contain natural or artificial sweeteners. "Soft
26 drinks" do not include beverages that contain milk or milk

1 products, soy, rice or similar milk substitutes, or greater
2 than 50% of vegetable or fruit juice by volume.

3 Until August 1, 2009, and notwithstanding any other
4 provisions of this Act, "food for human consumption that is to
5 be consumed off the premises where it is sold" includes all
6 food sold through a vending machine, except soft drinks and
7 food products that are dispensed hot from a vending machine,
8 regardless of the location of the vending machine. Beginning
9 August 1, 2009, and notwithstanding any other provisions of
10 this Act, "food for human consumption that is to be consumed
11 off the premises where it is sold" includes all food sold
12 through a vending machine, except soft drinks, candy, and food
13 products that are dispensed hot from a vending machine,
14 regardless of the location of the vending machine.

15 Notwithstanding any other provisions of this Act,
16 beginning September 1, 2009, "food for human consumption that
17 is to be consumed off the premises where it is sold" does not
18 include candy. For purposes of this Section, "candy" means a
19 preparation of sugar, honey, or other natural or artificial
20 sweeteners in combination with chocolate, fruits, nuts or other
21 ingredients or flavorings in the form of bars, drops, or
22 pieces. "Candy" does not include any preparation that contains
23 flour or requires refrigeration.

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "nonprescription medicines and
26 drugs" does not include grooming and hygiene products. For

1 purposes of this Section, "grooming and hygiene products"
2 includes, but is not limited to, soaps and cleaning solutions,
3 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
4 lotions and screens, unless those products are available by
5 prescription only, regardless of whether the products meet the
6 definition of "over-the-counter-drugs". For the purposes of
7 this paragraph, "over-the-counter-drug" means a drug for human
8 use that contains a label that identifies the product as a drug
9 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
10 label includes:

11 (A) A "Drug Facts" panel; or

12 (B) A statement of the "active ingredient(s)" with a
13 list of those ingredients contained in the compound,
14 substance or preparation.

15 Beginning on January 1, 2014 (the effective date of Public
16 Act 98-122), "prescription and nonprescription medicines and
17 drugs" includes medical cannabis purchased from a registered
18 dispensing organization under the Compassionate Use of Medical
19 Cannabis Pilot Program Act.

20 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-636,
21 eff. 6-1-12; 98-104, eff. 7-22-13; 98-122, eff. 1-1-14; 98-756,
22 eff. 7-16-14.)

23 Section 20. The Retailers' Occupation Tax Act is amended by
24 changing Sections 2-5 and 2-10 as follows:

1 (35 ILCS 120/2-5)

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

5 (1) Farm chemicals.

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

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

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

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

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

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

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

4 (5) A motor vehicle that is used for automobile renting, as
5 defined in the Automobile Renting Occupation and Use Tax Act.
6 This paragraph is exempt from the provisions of Section 2-70.

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

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

13 (8) Personal property sold to an Illinois county fair
14 association for use in conducting, operating, or promoting the
15 county fair.

16 (9) Personal property sold to a not-for-profit arts or
17 cultural organization that establishes, by proof required by
18 the Department by rule, that it has received an exemption under
19 Section 501(c)(3) of the Internal Revenue Code and that is
20 organized and operated primarily for the presentation or
21 support of arts or cultural programming, activities, or
22 services. These organizations include, but are not limited to,
23 music and dramatic arts organizations such as symphony
24 orchestras and theatrical groups, arts and cultural service
25 organizations, local arts councils, visual arts organizations,
26 and media arts organizations. On and after the effective date

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

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

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

26 (12) Tangible personal property sold to interstate

1 carriers for hire for use as rolling stock moving in interstate
2 commerce or to lessors under leases of one year or longer
3 executed or in effect at the time of purchase by interstate
4 carriers for hire for use as rolling stock moving in interstate
5 commerce and equipment operated by a telecommunications
6 provider, licensed as a common carrier by the Federal
7 Communications Commission, which is permanently installed in
8 or affixed to aircraft moving in interstate commerce.

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

1 (13) Proceeds from sales to owners, lessors, or shippers of
2 tangible personal property that is utilized by interstate
3 carriers for hire for use as rolling stock moving in interstate
4 commerce and equipment operated by a telecommunications
5 provider, licensed as a common carrier by the Federal
6 Communications Commission, which is permanently installed in
7 or affixed to aircraft moving in interstate commerce.

8 (14) Machinery and equipment that will be used by the
9 purchaser, or a lessee of the purchaser, primarily in the
10 process of manufacturing or assembling tangible personal
11 property for wholesale or retail sale or lease, whether the
12 sale or lease is made directly by the manufacturer or by some
13 other person, whether the materials used in the process are
14 owned by the manufacturer or some other person, or whether the
15 sale or lease is made apart from or as an incident to the
16 seller's engaging in the service occupation of producing
17 machines, tools, dies, jigs, patterns, gauges, or other similar
18 items of no commercial value on special order for a particular
19 purchaser. The exemption provided by this paragraph (14) does
20 not include machinery and equipment used in (i) the generation
21 of electricity for wholesale or retail sale; (ii) the
22 generation or treatment of natural or artificial gas for
23 wholesale or retail sale that is delivered to customers through
24 pipes, pipelines, or mains; or (iii) the treatment of water for
25 wholesale or retail sale that is delivered to customers through
26 pipes, pipelines, or mains. The provisions of Public Act 98-583

1 are declaratory of existing law as to the meaning and scope of
2 this exemption.

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

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

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

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

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

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

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

13 (21) Coal and aggregate exploration, mining, off-highway
14 hauling, processing, maintenance, and reclamation equipment,
15 including replacement parts and equipment, and including
16 equipment purchased for lease, but excluding motor vehicles
17 required to be registered under the Illinois Vehicle Code. The
18 changes made to this Section by Public Act 97-767 apply on and
19 after July 1, 2003, but no claim for credit or refund is
20 allowed on or after August 16, 2013 (the effective date of
21 Public Act 98-456) for such taxes paid during the period
22 beginning July 1, 2003 and ending on August 16, 2013 (the
23 effective date of Public Act 98-456).

24 (22) Until June 30, 2013, fuel and petroleum products sold
25 to or used by an air carrier, certified by the carrier to be
26 used for consumption, shipment, or storage in the conduct of

1 its business as an air common carrier, for a flight destined
2 for or returning from a location or locations outside the
3 United States without regard to previous or subsequent domestic
4 stopovers.

5 Beginning July 1, 2013, fuel and petroleum products sold to
6 or used by an air carrier, certified by the carrier to be used
7 for consumption, shipment, or storage in the conduct of its
8 business as an air common carrier, for a flight that (i) is
9 engaged in foreign trade or is engaged in trade between the
10 United States and any of its possessions and (ii) transports at
11 least one individual or package for hire from the city of
12 origination to the city of final destination on the same
13 aircraft, without regard to a change in the flight number of
14 that aircraft.

15 (23) A transaction in which the purchase order is received
16 by a florist who is located outside Illinois, but who has a
17 florist located in Illinois deliver the property to the
18 purchaser or the purchaser's donee in Illinois.

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

25 (25) Except as provided in item (25-5) of this Section, a
26 motor vehicle sold in this State to a nonresident even though

1 the motor vehicle is delivered to the nonresident in this
2 State, if the motor vehicle is not to be titled in this State,
3 and if a drive-away permit is issued to the motor vehicle as
4 provided in Section 3-603 of the Illinois Vehicle Code or if
5 the nonresident purchaser has vehicle registration plates to
6 transfer to the motor vehicle upon returning to his or her home
7 state. The issuance of the drive-away permit or having the
8 out-of-state registration plates to be transferred is prima
9 facie evidence that the motor vehicle will not be titled in
10 this State.

11 (25-5) The exemption under item (25) does not apply if the
12 state in which the motor vehicle will be titled does not allow
13 a reciprocal exemption for a motor vehicle sold and delivered
14 in that state to an Illinois resident but titled in Illinois.
15 The tax collected under this Act on the sale of a motor vehicle
16 in this State to a resident of another state that does not
17 allow a reciprocal exemption shall be imposed at a rate equal
18 to the state's rate of tax on taxable property in the state in
19 which the purchaser is a resident, except that the tax shall
20 not exceed the tax that would otherwise be imposed under this
21 Act. At the time of the sale, the purchaser shall execute a
22 statement, signed under penalty of perjury, of his or her
23 intent to title the vehicle in the state in which the purchaser
24 is a resident within 30 days after the sale and of the fact of
25 the payment to the State of Illinois of tax in an amount
26 equivalent to the state's rate of tax on taxable property in

1 his or her state of residence and shall submit the statement to
2 the appropriate tax collection agency in his or her state of
3 residence. In addition, the retailer must retain a signed copy
4 of the statement in his or her records. Nothing in this item
5 shall be construed to require the removal of the vehicle from
6 this state following the filing of an intent to title the
7 vehicle in the purchaser's state of residence if the purchaser
8 titles the vehicle in his or her state of residence within 30
9 days after the date of sale. The tax collected under this Act
10 in accordance with this item (25-5) shall be proportionately
11 distributed as if the tax were collected at the 6.25% general
12 rate imposed under this Act.

13 (25-7) Beginning on July 1, 2007, no tax is imposed under
14 this Act on the sale of an aircraft, as defined in Section 3 of
15 the Illinois Aeronautics Act, if all of the following
16 conditions are met:

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

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

25 (3) the seller retains in his or her books and records
26 and provides to the Department a signed and dated

1 certification from the purchaser, on a form prescribed by
2 the Department, certifying that the requirements of this
3 item (25-7) are met. The certificate must also include the
4 name and address of the purchaser, the address of the
5 location where the aircraft is to be titled or registered,
6 the address of the primary physical location of the
7 aircraft, and other information that the Department may
8 reasonably require.

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

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

14 "Registered in this State" means an aircraft registered
15 with the Department of Transportation, Aeronautics Division,
16 or titled or registered with the Federal Aviation
17 Administration to an address located in this State.

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

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

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

1 racing for prizes. This item (27) is exempt from the provisions
2 of Section 2-70, and the exemption provided for under this item
3 (27) applies for all periods beginning May 30, 1995, but no
4 claim for credit or refund is allowed on or after January 1,
5 2008 (the effective date of Public Act 95-88) for such taxes
6 paid during the period beginning May 30, 2000 and ending on
7 January 1, 2008 (the effective date of Public Act 95-88).

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

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

21 (30) Beginning with taxable years ending on or after
22 December 31, 1995 and ending with taxable years ending on or
23 before December 31, 2004, personal property that is donated for
24 disaster relief to be used in a State or federally declared
25 disaster area in Illinois or bordering Illinois by a
26 manufacturer or retailer that is registered in this State to a

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

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

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

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

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

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

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

11 (35-5) Beginning August 23, 2001 and through June 30, 2016,
12 food for human consumption that is to be consumed off the
13 premises where it is sold (other than alcoholic beverages, soft
14 drinks, and food that has been prepared for immediate
15 consumption) and prescription and nonprescription medicines,
16 drugs, medical appliances, and insulin, urine testing
17 materials, syringes, and needles used by diabetics, for human
18 use, when purchased for use by a person receiving medical
19 assistance under Article V of the Illinois Public Aid Code who
20 resides in a licensed long-term care facility, as defined in
21 the Nursing Home Care Act, or a licensed facility as defined in
22 the ID/DD Community Care Act or the Specialized Mental Health
23 Rehabilitation Act of 2013.

24 (36) Beginning August 2, 2001, computers and
25 communications equipment utilized for any hospital purpose and
26 equipment used in the diagnosis, analysis, or treatment of

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

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

14 (38) Beginning on January 1, 2002 and through June 30,
15 2016, tangible personal property purchased from an Illinois
16 retailer by a taxpayer engaged in centralized purchasing
17 activities in Illinois who will, upon receipt of the property
18 in Illinois, temporarily store the property in Illinois (i) for
19 the purpose of subsequently transporting it outside this State
20 for use or consumption thereafter solely outside this State or
21 (ii) for the purpose of being processed, fabricated, or
22 manufactured into, attached to, or incorporated into other
23 tangible personal property to be transported outside this State
24 and thereafter used or consumed solely outside this State. The
25 Director of Revenue shall, pursuant to rules adopted in
26 accordance with the Illinois Administrative Procedure Act,

1 issue a permit to any taxpayer in good standing with the
2 Department who is eligible for the exemption under this
3 paragraph (38). The permit issued under this paragraph (38)
4 shall authorize the holder, to the extent and in the manner
5 specified in the rules adopted under this Act, to purchase
6 tangible personal property from a retailer exempt from the
7 taxes imposed by this Act. Taxpayers shall maintain all
8 necessary books and records to substantiate the use and
9 consumption of all such tangible personal property outside of
10 the State of Illinois.

11 (39) Beginning January 1, 2008, tangible personal property
12 used in the construction or maintenance of a community water
13 supply, as defined under Section 3.145 of the Environmental
14 Protection Act, that is operated by a not-for-profit
15 corporation that holds a valid water supply permit issued under
16 Title IV of the Environmental Protection Act. This paragraph is
17 exempt from the provisions of Section 2-70.

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

1 maintenance of aircraft engines or power plants, whether such
2 engines or power plants are installed or uninstalled upon any
3 such aircraft. "Consumable supplies" include, but are not
4 limited to, adhesive, tape, sandpaper, general purpose
5 lubricants, cleaning solution, latex gloves, and protective
6 films. This exemption applies only to the sale of qualifying
7 tangible personal property to persons who modify, refurbish,
8 complete, replace, or maintain an aircraft and who (i) hold an
9 Air Agency Certificate and are empowered to operate an approved
10 repair station by the Federal Aviation Administration, (ii)
11 have a Class IV Rating, and (iii) conduct operations in
12 accordance with Part 145 of the Federal Aviation Regulations.
13 The exemption does not include aircraft operated by a
14 commercial air carrier providing scheduled passenger air
15 service pursuant to authority issued under Part 121 or Part 129
16 of the Federal Aviation Regulations. The changes made to this
17 paragraph (40) by Public Act 98-534 are declarative of existing
18 law.

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

1 retirement or redemption of any bonds or other debt instruments
2 issued by the public-facilities corporation in connection with
3 the development of the municipal convention hall. This
4 exemption includes existing public-facilities corporations as
5 provided in Section 11-65-25 of the Illinois Municipal Code.
6 This paragraph is exempt from the provisions of Section 2-70.

7 (42) Beginning on July 1, 2015, motor fuel, as defined in
8 Section 1.1 of the Motor Fuel Tax Law. This paragraph is exempt
9 from the provisions of Section 2-70.

10 (Source: P.A. 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227,
11 eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12; 97-767,
12 eff. 7-9-12; 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
13 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
14 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14.)

15 (35 ILCS 120/2-10)

16 Sec. 2-10. Rate of tax. Unless otherwise provided in this
17 Section, the tax imposed by this Act is at the rate of 6.25% of
18 gross receipts from sales of tangible personal property made in
19 the course of business.

20 Beginning on July 1, 2000 and through December 31, 2000,
21 with respect to motor fuel, as defined in Section 1.1 of the
22 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
23 the Use Tax Act, the tax is imposed at the rate of 1.25%.

24 Beginning on August 6, 2010 through August 15, 2010, with
25 respect to sales tax holiday items as defined in Section 2-8 of

1 this Act, the tax is imposed at the rate of 1.25%.

2 Within 14 days after the effective date of this amendatory
3 Act of the 91st General Assembly, each retailer of motor fuel
4 and gasohol shall cause the following notice to be posted in a
5 prominently visible place on each retail dispensing device that
6 is used to dispense motor fuel or gasohol in the State of
7 Illinois: "As of July 1, 2000, the State of Illinois has
8 eliminated the State's share of sales tax on motor fuel and
9 gasohol through December 31, 2000. The price on this pump
10 should reflect the elimination of the tax." The notice shall be
11 printed in bold print on a sign that is no smaller than 4
12 inches by 8 inches. The sign shall be clearly visible to
13 customers. Any retailer who fails to post or maintain a
14 required sign through December 31, 2000 is guilty of a petty
15 offense for which the fine shall be \$500 per day per each
16 retail premises where a violation occurs.

17 With respect to gasohol, as defined in the Use Tax Act, the
18 tax imposed by this Act applies to (i) 70% of the proceeds of
19 sales made on or after January 1, 1990, and before July 1, 2003
20 and 7 (ii) 80% of the proceeds of sales made on or after July 1,
21 2003 and on or before June 30, 2015. On and after July 1, 2015,
22 gasohol is exempt from taxation under this Act. ~~December 31,~~
23 ~~2018, and (iii) 100% of the proceeds of sales made thereafter.~~
24 ~~If, at any time, however, the tax under this Act on sales of~~
25 ~~gasohol, as defined in the Use Tax Act, is imposed at the rate~~
26 ~~of 1.25%, then the tax imposed by this Act applies to 100% of~~

1 ~~the proceeds of sales of gasohol made during that time.~~

2 With respect to majority blended ethanol fuel, as defined
3 in the Use Tax Act, the tax imposed by this Act does not apply
4 to the proceeds of sales made on or after July 1, 2003 ~~and on or~~
5 ~~before December 31, 2018 but applies to 100% of the proceeds of~~
6 ~~sales made thereafter.~~

7 With respect to biodiesel blends, as defined in the Use Tax
8 Act, with no less than 1% and no more than 10% biodiesel, the
9 tax imposed by this Act applies to ~~(i)~~ 80% of the proceeds of
10 sales made on or after July 1, 2003 and on or before June 30,
11 2015. On and after July 1, 2015, those biodiesel blends are
12 exempt from taxation under this Act. December 31, 2018 and (ii)
13 ~~100% of the proceeds of sales made thereafter. If, at any time,~~
14 ~~however, the tax under this Act on sales of biodiesel blends,~~
15 ~~as defined in the Use Tax Act, with no less than 1% and no more~~
16 ~~than 10% biodiesel is imposed at the rate of 1.25%, then the~~
17 ~~tax imposed by this Act applies to 100% of the proceeds of~~
18 ~~sales of biodiesel blends with no less than 1% and no more than~~
19 ~~10% biodiesel made during that time.~~

20 With respect to 100% biodiesel, as defined in the Use Tax
21 Act, and biodiesel blends, as defined in the Use Tax Act, with
22 more than 10% but no more than 99% biodiesel, the tax imposed
23 by this Act does not apply to the proceeds of sales made on or
24 after July 1, 2003 ~~and on or before December 31, 2018 but~~
25 ~~applies to 100% of the proceeds of sales made thereafter.~~

26 With respect to food for human consumption that is to be

1 consumed off the premises where it is sold (other than
2 alcoholic beverages, soft drinks, and food that has been
3 prepared for immediate consumption) and prescription and
4 nonprescription medicines, drugs, medical appliances,
5 modifications to a motor vehicle for the purpose of rendering
6 it usable by a disabled person, and insulin, urine testing
7 materials, syringes, and needles used by diabetics, for human
8 use, the tax is imposed at the rate of 1%. For the purposes of
9 this Section, until September 1, 2009: the term "soft drinks"
10 means any complete, finished, ready-to-use, non-alcoholic
11 drink, whether carbonated or not, including but not limited to
12 soda water, cola, fruit juice, vegetable juice, carbonated
13 water, and all other preparations commonly known as soft drinks
14 of whatever kind or description that are contained in any
15 closed or sealed bottle, can, carton, or container, regardless
16 of size; but "soft drinks" does not include coffee, tea,
17 non-carbonated water, infant formula, milk or milk products as
18 defined in the Grade A Pasteurized Milk and Milk Products Act,
19 or drinks containing 50% or more natural fruit or vegetable
20 juice.

21 Notwithstanding any other provisions of this Act,
22 beginning September 1, 2009, "soft drinks" means non-alcoholic
23 beverages that contain natural or artificial sweeteners. "Soft
24 drinks" do not include beverages that contain milk or milk
25 products, soy, rice or similar milk substitutes, or greater
26 than 50% of vegetable or fruit juice by volume.

1 Until August 1, 2009, and notwithstanding any other
2 provisions of this Act, "food for human consumption that is to
3 be consumed off the premises where it is sold" includes all
4 food sold through a vending machine, except soft drinks and
5 food products that are dispensed hot from a vending machine,
6 regardless of the location of the vending machine. Beginning
7 August 1, 2009, and notwithstanding any other provisions of
8 this Act, "food for human consumption that is to be consumed
9 off the premises where it is sold" includes all food sold
10 through a vending machine, except soft drinks, candy, and food
11 products that are dispensed hot from a vending machine,
12 regardless of the location of the vending machine.

13 Notwithstanding any other provisions of this Act,
14 beginning September 1, 2009, "food for human consumption that
15 is to be consumed off the premises where it is sold" does not
16 include candy. For purposes of this Section, "candy" means a
17 preparation of sugar, honey, or other natural or artificial
18 sweeteners in combination with chocolate, fruits, nuts or other
19 ingredients or flavorings in the form of bars, drops, or
20 pieces. "Candy" does not include any preparation that contains
21 flour or requires refrigeration.

22 Notwithstanding any other provisions of this Act,
23 beginning September 1, 2009, "nonprescription medicines and
24 drugs" does not include grooming and hygiene products. For
25 purposes of this Section, "grooming and hygiene products"
26 includes, but is not limited to, soaps and cleaning solutions,

1 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
2 lotions and screens, unless those products are available by
3 prescription only, regardless of whether the products meet the
4 definition of "over-the-counter-drugs". For the purposes of
5 this paragraph, "over-the-counter-drug" means a drug for human
6 use that contains a label that identifies the product as a drug
7 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
8 label includes:

9 (A) A "Drug Facts" panel; or

10 (B) A statement of the "active ingredient(s)" with a
11 list of those ingredients contained in the compound,
12 substance or preparation.

13 Beginning on the effective date of this amendatory Act of
14 the 98th General Assembly, "prescription and nonprescription
15 medicines and drugs" includes medical cannabis purchased from a
16 registered dispensing organization under the Compassionate Use
17 of Medical Cannabis Pilot Program Act.

18 (Source: P.A. 97-636, eff. 6-1-12; 98-122, eff. 1-1-14.)

19 Section 25. The Motor Fuel Tax Law is amended by changing
20 Sections 2 and 8 as follows:

21 (35 ILCS 505/2) (from Ch. 120, par. 418)

22 Sec. 2. A tax is imposed on the privilege of operating
23 motor vehicles upon the public highways and recreational-type
24 watercraft upon the waters of this State.

1 (a) Prior to August 1, 1989, the tax is imposed at the rate
2 of 13 cents per gallon on all motor fuel used in motor vehicles
3 operating on the public highways and recreational type
4 watercraft operating upon the waters of this State. Beginning
5 on August 1, 1989 and until January 1, 1990, the rate of the
6 tax imposed in this paragraph shall be 16 cents per gallon.
7 Beginning January 1, 1990 and until July 1, 2015, the rate of
8 tax imposed in this paragraph shall be 19 cents per gallon.
9 Beginning July 1, 2015, the rate of tax imposed in this
10 paragraph shall be 35 cents per gallon.

11 (b) Until July 1, 2015, the ~~The~~ tax on the privilege of
12 operating motor vehicles which use diesel fuel shall be the
13 rate according to paragraph (a) plus an additional 2 1/2 cents
14 per gallon. Beginning on July 1, 2015, the tax on the privilege
15 of operating motor vehicles which use diesel fuel shall be 36
16 cents per gallon. "Diesel fuel" is defined as any product
17 intended for use or offered for sale as a fuel for engines in
18 which the fuel is injected into the combustion chamber and
19 ignited by pressure without electric spark.

20 (c) A tax is imposed upon the privilege of engaging in the
21 business of selling motor fuel as a retailer or reseller on all
22 motor fuel used in motor vehicles operating on the public
23 highways and recreational type watercraft operating upon the
24 waters of this State: (1) at the rate of 3 cents per gallon on
25 motor fuel owned or possessed by such retailer or reseller at
26 12:01 a.m. on August 1, 1989; and (2) at the rate of 3 cents per

1 gallon on motor fuel owned or possessed by such retailer or
2 reseller at 12:01 A.M. on January 1, 1990.

3 Retailers and resellers who are subject to this additional
4 tax shall be required to inventory such motor fuel and pay this
5 additional tax in a manner prescribed by the Department of
6 Revenue.

7 The tax imposed in this paragraph (c) shall be in addition
8 to all other taxes imposed by the State of Illinois or any unit
9 of local government in this State.

10 (d) Except as provided in Section 2a, the collection of a
11 tax based on gallonage of gasoline used for the propulsion of
12 any aircraft is prohibited on and after October 1, 1979.

13 (e) The collection of a tax, based on gallonage of all
14 products commonly or commercially known or sold as 1-K
15 kerosene, regardless of its classification or uses, is
16 prohibited (i) on and after July 1, 1992 until December 31,
17 1999, except when the 1-K kerosene is either: (1) delivered
18 into bulk storage facilities of a bulk user, or (2) delivered
19 directly into the fuel supply tanks of motor vehicles and (ii)
20 on and after January 1, 2000. Beginning on January 1, 2000, the
21 collection of a tax, based on gallonage of all products
22 commonly or commercially known or sold as 1-K kerosene,
23 regardless of its classification or uses, is prohibited except
24 when the 1-K kerosene is delivered directly into a storage tank
25 that is located at a facility that has withdrawal facilities
26 that are readily accessible to and are capable of dispensing

1 1-K kerosene into the fuel supply tanks of motor vehicles. For
2 purposes of this subsection (e), a facility is considered to
3 have withdrawal facilities that are not "readily accessible to
4 and capable of dispensing 1-K kerosene into the fuel supply
5 tanks of motor vehicles" only if the 1-K kerosene is delivered
6 from: (i) a dispenser hose that is short enough so that it will
7 not reach the fuel supply tank of a motor vehicle or (ii) a
8 dispenser that is enclosed by a fence or other physical barrier
9 so that a vehicle cannot pull alongside the dispenser to permit
10 fueling.

11 Any person who sells or uses 1-K kerosene for use in motor
12 vehicles upon which the tax imposed by this Law has not been
13 paid shall be liable for any tax due on the sales or use of 1-K
14 kerosene.

15 (Source: P.A. 96-1384, eff. 7-29-10.)

16 (35 ILCS 505/8) (from Ch. 120, par. 424)

17 Sec. 8. Except as provided in Section 8a, subdivision
18 (h)(1) of Section 12a, Section 13a.6, and items 13, 14, 15, and
19 16 of Section 15, all money received by the Department under
20 this Act, including payments made to the Department by member
21 jurisdictions participating in the International Fuel Tax
22 Agreement, shall be deposited in a special fund in the State
23 treasury, to be known as the "Motor Fuel Tax Fund", and shall
24 be used as follows:

25 (a) 2 1/2 cents per gallon of the tax collected on special

1 fuel under paragraph (b) of Section 2 and Section 13a of this
2 Act shall be transferred to the State Construction Account Fund
3 in the State Treasury;

4 (b) \$420,000 shall be transferred each month to the State
5 Boating Act Fund to be used by the Department of Natural
6 Resources for the purposes specified in Article X of the Boat
7 Registration and Safety Act;

8 (c) \$3,500,000 shall be transferred each month to the Grade
9 Crossing Protection Fund to be used as follows: not less than
10 \$12,000,000 each fiscal year shall be used for the construction
11 or reconstruction of rail highway grade separation structures;
12 \$2,250,000 in fiscal years 2004 through 2009 and \$3,000,000 in
13 fiscal year 2010 and each fiscal year thereafter shall be
14 transferred to the Transportation Regulatory Fund and shall be
15 accounted for as part of the rail carrier portion of such funds
16 and shall be used to pay the cost of administration of the
17 Illinois Commerce Commission's railroad safety program in
18 connection with its duties under subsection (3) of Section
19 18c-7401 of the Illinois Vehicle Code, with the remainder to be
20 used by the Department of Transportation upon order of the
21 Illinois Commerce Commission, to pay that part of the cost
22 apportioned by such Commission to the State to cover the
23 interest of the public in the use of highways, roads, streets,
24 or pedestrian walkways in the county highway system, township
25 and district road system, or municipal street system as defined
26 in the Illinois Highway Code, as the same may from time to time

1 be amended, for separation of grades, for installation,
2 construction or reconstruction of crossing protection or
3 reconstruction, alteration, relocation including construction
4 or improvement of any existing highway necessary for access to
5 property or improvement of any grade crossing and grade
6 crossing surface including the necessary highway approaches
7 thereto of any railroad across the highway or public road, or
8 for the installation, construction, reconstruction, or
9 maintenance of a pedestrian walkway over or under a railroad
10 right-of-way, as provided for in and in accordance with Section
11 18c-7401 of the Illinois Vehicle Code. The Commission may order
12 up to \$2,000,000 per year in Grade Crossing Protection Fund
13 moneys for the improvement of grade crossing surfaces and up to
14 \$300,000 per year for the maintenance and renewal of 4-quadrant
15 gate vehicle detection systems located at non-high speed rail
16 grade crossings. The Commission shall not order more than
17 \$2,000,000 per year in Grade Crossing Protection Fund moneys
18 for pedestrian walkways. In entering orders for projects for
19 which payments from the Grade Crossing Protection Fund will be
20 made, the Commission shall account for expenditures authorized
21 by the orders on a cash rather than an accrual basis. For
22 purposes of this requirement an "accrual basis" assumes that
23 the total cost of the project is expended in the fiscal year in
24 which the order is entered, while a "cash basis" allocates the
25 cost of the project among fiscal years as expenditures are
26 actually made. To meet the requirements of this subsection, the

1 Illinois Commerce Commission shall develop annual and 5-year
2 project plans of rail crossing capital improvements that will
3 be paid for with moneys from the Grade Crossing Protection
4 Fund. The annual project plan shall identify projects for the
5 succeeding fiscal year and the 5-year project plan shall
6 identify projects for the 5 directly succeeding fiscal years.
7 The Commission shall submit the annual and 5-year project plans
8 for this Fund to the Governor, the President of the Senate, the
9 Senate Minority Leader, the Speaker of the House of
10 Representatives, and the Minority Leader of the House of
11 Representatives on the first Wednesday in April of each year;

12 (c-5) No later than August 1, 2015, the Department of
13 Revenue shall certify to the State Comptroller and the State
14 Treasurer the total amount deposited into the General Revenue
15 Fund during State Fiscal Year 2015 from the taxes imposed under
16 the Use Tax Act, the Service Use Tax Act, the Service
17 Occupation Tax Act, and the Retailers' Occupation Tax Act on
18 the selling price of motor fuel. Beginning in the first month
19 after the State Comptroller and the State Treasurer receive the
20 certification from the Department, each month the State
21 Comptroller shall order transferred and the State Treasurer
22 shall transfer 1/12 of the certified amount from the Motor Fuel
23 Tax Fund to the General Revenue Fund;

24 (d) of the amount remaining after allocations provided for
25 in subsections (a), (b) and (c), a sufficient amount shall be
26 reserved to pay all of the following:

1 (1) the costs of the Department of Revenue in
2 administering this Act;

3 (2) the costs of the Department of Transportation in
4 performing its duties imposed by the Illinois Highway Code
5 for supervising the use of motor fuel tax funds apportioned
6 to municipalities, counties and road districts;

7 (3) refunds provided for in Section 13, refunds for
8 overpayment of decal fees paid under Section 13a.4 of this
9 Act, and refunds provided for under the terms of the
10 International Fuel Tax Agreement referenced in Section
11 14a;

12 (4) from October 1, 1985 until June 30, 1994, the
13 administration of the Vehicle Emissions Inspection Law,
14 which amount shall be certified monthly by the
15 Environmental Protection Agency to the State Comptroller
16 and shall promptly be transferred by the State Comptroller
17 and Treasurer from the Motor Fuel Tax Fund to the Vehicle
18 Inspection Fund, and for the period July 1, 1994 through
19 June 30, 2000, one-twelfth of \$25,000,000 each month, for
20 the period July 1, 2000 through June 30, 2003, one-twelfth
21 of \$30,000,000 each month, and \$15,000,000 on July 1, 2003,
22 and \$15,000,000 on January 1, 2004, and \$15,000,000 on each
23 July 1 and October 1, or as soon thereafter as may be
24 practical, during the period July 1, 2004 through June 30,
25 2012, and \$30,000,000 on June 1, 2013, or as soon
26 thereafter as may be practical, and \$15,000,000 on July 1

1 and October 1, or as soon thereafter as may be practical,
2 during the period of July 1, 2013 through June 30, 2015,
3 for the administration of the Vehicle Emissions Inspection
4 Law of 2005, to be transferred by the State Comptroller and
5 Treasurer from the Motor Fuel Tax Fund into the Vehicle
6 Inspection Fund;

7 (5) amounts ordered paid by the Court of Claims; and

8 (6) payment of motor fuel use taxes due to member
9 jurisdictions under the terms of the International Fuel Tax
10 Agreement. The Department shall certify these amounts to
11 the Comptroller by the 15th day of each month; the
12 Comptroller shall cause orders to be drawn for such
13 amounts, and the Treasurer shall administer those amounts
14 on or before the last day of each month;

15 (e) after allocations for the purposes set forth in
16 subsections (a), (b), (c) and (d), the remaining amount shall
17 be apportioned as follows:

18 (1) Until January 1, 2000, 58.4%, and beginning January
19 1, 2000, 45.6% shall be deposited as follows:

20 (A) 37% into the State Construction Account Fund,
21 and

22 (B) 63% into the Road Fund, \$1,250,000 of which
23 shall be reserved each month for the Department of
24 Transportation to be used in accordance with the
25 provisions of Sections 6-901 through 6-906 of the
26 Illinois Highway Code;

1 (2) Until January 1, 2000, 41.6%, and beginning January
2 1, 2000, 54.4% shall be transferred to the Department of
3 Transportation to be distributed as follows:

4 (A) 49.10% to the municipalities of the State,

5 (B) 16.74% to the counties of the State having
6 1,000,000 or more inhabitants,

7 (C) 18.27% to the counties of the State having less
8 than 1,000,000 inhabitants,

9 (D) 15.89% to the road districts of the State.

10 As soon as may be after the first day of each month the
11 Department of Transportation shall allot to each municipality
12 its share of the amount apportioned to the several
13 municipalities which shall be in proportion to the population
14 of such municipalities as determined by the last preceding
15 municipal census if conducted by the Federal Government or
16 Federal census. If territory is annexed to any municipality
17 subsequent to the time of the last preceding census the
18 corporate authorities of such municipality may cause a census
19 to be taken of such annexed territory and the population so
20 ascertained for such territory shall be added to the population
21 of the municipality as determined by the last preceding census
22 for the purpose of determining the allotment for that
23 municipality. If the population of any municipality was not
24 determined by the last Federal census preceding any
25 apportionment, the apportionment to such municipality shall be
26 in accordance with any census taken by such municipality. Any

1 municipal census used in accordance with this Section shall be
2 certified to the Department of Transportation by the clerk of
3 such municipality, and the accuracy thereof shall be subject to
4 approval of the Department which may make such corrections as
5 it ascertains to be necessary.

6 As soon as may be after the first day of each month the
7 Department of Transportation shall allot to each county its
8 share of the amount apportioned to the several counties of the
9 State as herein provided. Each allotment to the several
10 counties having less than 1,000,000 inhabitants shall be in
11 proportion to the amount of motor vehicle license fees received
12 from the residents of such counties, respectively, during the
13 preceding calendar year. The Secretary of State shall, on or
14 before April 15 of each year, transmit to the Department of
15 Transportation a full and complete report showing the amount of
16 motor vehicle license fees received from the residents of each
17 county, respectively, during the preceding calendar year. The
18 Department of Transportation shall, each month, use for
19 allotment purposes the last such report received from the
20 Secretary of State.

21 As soon as may be after the first day of each month, the
22 Department of Transportation shall allot to the several
23 counties their share of the amount apportioned for the use of
24 road districts. The allotment shall be apportioned among the
25 several counties in the State in the proportion which the total
26 mileage of township or district roads in the respective

1 counties bears to the total mileage of all township and
2 district roads in the State. Funds allotted to the respective
3 counties for the use of road districts therein shall be
4 allocated to the several road districts in the county in the
5 proportion which the total mileage of such township or district
6 roads in the respective road districts bears to the total
7 mileage of all such township or district roads in the county.
8 After July 1 of any year prior to 2011, no allocation shall be
9 made for any road district unless it levied a tax for road and
10 bridge purposes in an amount which will require the extension
11 of such tax against the taxable property in any such road
12 district at a rate of not less than either .08% of the value
13 thereof, based upon the assessment for the year immediately
14 prior to the year in which such tax was levied and as equalized
15 by the Department of Revenue or, in DuPage County, an amount
16 equal to or greater than \$12,000 per mile of road under the
17 jurisdiction of the road district, whichever is less. Beginning
18 July 1, 2011 and each July 1 thereafter, an allocation shall be
19 made for any road district if it levied a tax for road and
20 bridge purposes. In counties other than DuPage County, if the
21 amount of the tax levy requires the extension of the tax
22 against the taxable property in the road district at a rate
23 that is less than 0.08% of the value thereof, based upon the
24 assessment for the year immediately prior to the year in which
25 the tax was levied and as equalized by the Department of
26 Revenue, then the amount of the allocation for that road

1 district shall be a percentage of the maximum allocation equal
2 to the percentage obtained by dividing the rate extended by the
3 district by 0.08%. In DuPage County, if the amount of the tax
4 levy requires the extension of the tax against the taxable
5 property in the road district at a rate that is less than the
6 lesser of (i) 0.08% of the value of the taxable property in the
7 road district, based upon the assessment for the year
8 immediately prior to the year in which such tax was levied and
9 as equalized by the Department of Revenue, or (ii) a rate that
10 will yield an amount equal to \$12,000 per mile of road under
11 the jurisdiction of the road district, then the amount of the
12 allocation for the road district shall be a percentage of the
13 maximum allocation equal to the percentage obtained by dividing
14 the rate extended by the district by the lesser of (i) 0.08% or
15 (ii) the rate that will yield an amount equal to \$12,000 per
16 mile of road under the jurisdiction of the road district.

17 Prior to 2011, if any road district has levied a special
18 tax for road purposes pursuant to Sections 6-601, 6-602 and
19 6-603 of the Illinois Highway Code, and such tax was levied in
20 an amount which would require extension at a rate of not less
21 than .08% of the value of the taxable property thereof, as
22 equalized or assessed by the Department of Revenue, or, in
23 DuPage County, an amount equal to or greater than \$12,000 per
24 mile of road under the jurisdiction of the road district,
25 whichever is less, such levy shall, however, be deemed a proper
26 compliance with this Section and shall qualify such road

1 district for an allotment under this Section. Beginning in 2011
2 and thereafter, if any road district has levied a special tax
3 for road purposes under Sections 6-601, 6-602, and 6-603 of the
4 Illinois Highway Code, and the tax was levied in an amount that
5 would require extension at a rate of not less than 0.08% of the
6 value of the taxable property of that road district, as
7 equalized or assessed by the Department of Revenue or, in
8 DuPage County, an amount equal to or greater than \$12,000 per
9 mile of road under the jurisdiction of the road district,
10 whichever is less, that levy shall be deemed a proper
11 compliance with this Section and shall qualify such road
12 district for a full, rather than proportionate, allotment under
13 this Section. If the levy for the special tax is less than
14 0.08% of the value of the taxable property, or, in DuPage
15 County if the levy for the special tax is less than the lesser
16 of (i) 0.08% or (ii) \$12,000 per mile of road under the
17 jurisdiction of the road district, and if the levy for the
18 special tax is more than any other levy for road and bridge
19 purposes, then the levy for the special tax qualifies the road
20 district for a proportionate, rather than full, allotment under
21 this Section. If the levy for the special tax is equal to or
22 less than any other levy for road and bridge purposes, then any
23 allotment under this Section shall be determined by the other
24 levy for road and bridge purposes.

25 Prior to 2011, if a township has transferred to the road
26 and bridge fund money which, when added to the amount of any

1 tax levy of the road district would be the equivalent of a tax
2 levy requiring extension at a rate of at least .08%, or, in
3 DuPage County, an amount equal to or greater than \$12,000 per
4 mile of road under the jurisdiction of the road district,
5 whichever is less, such transfer, together with any such tax
6 levy, shall be deemed a proper compliance with this Section and
7 shall qualify the road district for an allotment under this
8 Section.

9 In counties in which a property tax extension limitation is
10 imposed under the Property Tax Extension Limitation Law, road
11 districts may retain their entitlement to a motor fuel tax
12 allotment or, beginning in 2011, their entitlement to a full
13 allotment if, at the time the property tax extension limitation
14 was imposed, the road district was levying a road and bridge
15 tax at a rate sufficient to entitle it to a motor fuel tax
16 allotment and continues to levy the maximum allowable amount
17 after the imposition of the property tax extension limitation.
18 Any road district may in all circumstances retain its
19 entitlement to a motor fuel tax allotment or, beginning in
20 2011, its entitlement to a full allotment if it levied a road
21 and bridge tax in an amount that will require the extension of
22 the tax against the taxable property in the road district at a
23 rate of not less than 0.08% of the assessed value of the
24 property, based upon the assessment for the year immediately
25 preceding the year in which the tax was levied and as equalized
26 by the Department of Revenue or, in DuPage County, an amount

1 equal to or greater than \$12,000 per mile of road under the
2 jurisdiction of the road district, whichever is less.

3 As used in this Section the term "road district" means any
4 road district, including a county unit road district, provided
5 for by the Illinois Highway Code; and the term "township or
6 district road" means any road in the township and district road
7 system as defined in the Illinois Highway Code. For the
8 purposes of this Section, "township or district road" also
9 includes such roads as are maintained by park districts, forest
10 preserve districts and conservation districts. The Department
11 of Transportation shall determine the mileage of all township
12 and district roads for the purposes of making allotments and
13 allocations of motor fuel tax funds for use in road districts.

14 Payment of motor fuel tax moneys to municipalities and
15 counties shall be made as soon as possible after the allotment
16 is made. The treasurer of the municipality or county may invest
17 these funds until their use is required and the interest earned
18 by these investments shall be limited to the same uses as the
19 principal funds.

20 (Source: P.A. 97-72, eff. 7-1-11; 97-333, eff. 8-12-11; 98-24,
21 eff. 6-19-13; 98-674, eff. 6-30-14.)