

SB2794



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB2794

Introduced 2/17/2016, by Sen. Gary Forby

SYNOPSIS AS INTRODUCED:

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Reinstates an exemption for oil field exploration, drilling, and production equipment for the period beginning on July 1, 2016 and ending on June 30, 2021. Effective immediately.

LRB099 20589 HLH 45146 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

7 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, and beginning again on July 1,
6 2016 and ending on June 30, 2021, oil field exploration,
7 drilling, and production equipment, including (i) rigs and
8 parts of rigs, rotary rigs, cable tool rigs, and workover rigs,
9 (ii) pipe and tubular goods, including casing and drill
10 strings, (iii) pumps and pump-jack units, (iv) storage tanks
11 and flow lines, (v) any individual replacement part for oil
12 field exploration, drilling, and production equipment, and
13 (vi) machinery and equipment purchased for lease; but excluding
14 motor vehicles required to be registered under the Illinois
15 Vehicle Code.

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

21 (16) Coal and aggregate exploration, mining, off-highway
22 hauling, processing, maintenance, and reclamation equipment,
23 including replacement parts and equipment, and including
24 equipment purchased for lease, but excluding motor vehicles
25 required to be registered under the Illinois Vehicle Code. The
26 changes made to this Section by Public Act 97-767 apply on and

1 after July 1, 2003, but no claim for credit or refund is
2 allowed on or after August 16, 2013 (the effective date of
3 Public Act 98-456) for such taxes paid during the period
4 beginning July 1, 2003 and ending on August 16, 2013 (the
5 effective date of Public Act 98-456).

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

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

1 through pipes, pipelines, or mains; or (iii) the treatment of
2 water for wholesale or retail sale that is delivered to
3 customers through pipes, pipelines, or mains. The provisions of
4 Public Act 98-583 are declaratory of existing law as to the
5 meaning and scope of this exemption.

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

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

13 (21) Horses, or interests in horses, registered with and
14 meeting the requirements of any of the Arabian Horse Club
15 Registry of America, Appaloosa Horse Club, American Quarter
16 Horse Association, United States Trotting Association, or
17 Jockey Club, as appropriate, used for purposes of breeding or
18 racing for prizes. This item (21) is exempt from the provisions
19 of Section 3-90, and the exemption provided for under this item
20 (21) applies for all periods beginning May 30, 1995, but no
21 claim for credit or refund is allowed on or after January 1,
22 2008 for such taxes paid during the period beginning May 30,
23 2000 and ending on January 1, 2008.

24 (22) Computers and communications equipment utilized for
25 any hospital purpose and equipment used in the diagnosis,
26 analysis, or treatment of hospital patients purchased by a

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

21 (23) Personal property purchased by a lessor who leases the
22 property, under a lease of one year or longer executed or in
23 effect at the time the lessor would otherwise be subject to the
24 tax imposed by this Act, to a governmental body that has been
25 issued an active sales tax exemption identification number by
26 the Department under Section 1g of the Retailers' Occupation

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

15 (24) 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 (25) 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 (26) Beginning July 1, 1999, game or game birds purchased
12 at a "game breeding and hunting preserve area" as that term is
13 used in the Wildlife Code. This paragraph is exempt from the
14 provisions of Section 3-90.

15 (27) 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 (28) 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 3-90.

21 (29) 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 3-90.

5 (30) Beginning January 1, 2001 and through June 30, 2016,
6 food for human consumption that is to be consumed off the
7 premises where it is sold (other than alcoholic beverages, soft
8 drinks, and food that has been prepared for immediate
9 consumption) and prescription and nonprescription medicines,
10 drugs, medical appliances, and insulin, urine testing
11 materials, syringes, and needles used by diabetics, for human
12 use, when purchased for use by a person receiving medical
13 assistance under Article V of the Illinois Public Aid Code who
14 resides in a licensed long-term care facility, as defined in
15 the Nursing Home Care Act, or in a licensed facility as defined
16 in the ID/DD Community Care Act, the MC/DD Act, or the
17 Specialized Mental Health Rehabilitation Act of 2013.

18 (31) Beginning on the effective date of this amendatory Act
19 of the 92nd General Assembly, computers and communications
20 equipment utilized for any hospital purpose and equipment used
21 in the diagnosis, analysis, or treatment of hospital patients
22 purchased by a lessor who leases the equipment, under a lease
23 of one year or longer executed or in effect at the time the
24 lessor would otherwise be subject to the tax imposed by this
25 Act, to a hospital that has been issued an active tax exemption
26 identification number by the Department under Section 1g of the

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

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

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

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

1 motor vehicle is used in a manner that would qualify for the
2 rolling stock exemption otherwise provided for in this Act. For
3 purposes of this paragraph, the term "used for commercial
4 purposes" means the transportation of persons or property in
5 furtherance of any commercial or industrial enterprise,
6 whether for-hire or not.

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

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

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

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

1 provided in Section 11-65-25 of the Illinois Municipal Code.
2 This paragraph is exempt from the provisions of Section 3-90.
3 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
4 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
5 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
6 7-29-15.)

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

9 (35 ILCS 110/3-5)

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

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

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

22 (3) Personal property purchased by a not-for-profit arts or
23 cultural organization that establishes, by proof required by
24 the Department by rule, that it has received an exemption under

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

13 (4) 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 (5) Until July 1, 2003 and beginning again on September 1,
18 2004 through August 30, 2014, graphic arts machinery and
19 equipment, including repair and replacement parts, both new and
20 used, and including that manufactured on special order or
21 purchased for lease, certified by the purchaser to be used
22 primarily for graphic arts production. Equipment includes
23 chemicals or chemicals acting as catalysts but only if the
24 chemicals or chemicals acting as catalysts effect a direct and
25 immediate change upon a graphic arts product.

26 (6) Personal property purchased from a teacher-sponsored

1 student organization affiliated with an elementary or
2 secondary school located in Illinois.

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

22 Farm machinery and equipment shall include precision
23 farming equipment that is installed or purchased to be
24 installed on farm machinery and equipment including, but not
25 limited to, tractors, harvesters, sprayers, planters, seeders,
26 or spreaders. Precision farming equipment includes, but is not

1 limited to, soil testing sensors, computers, monitors,
2 software, global positioning and mapping systems, and other
3 such equipment.

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

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

19 Beginning July 1, 2013, fuel and petroleum products sold to
20 or used by an air carrier, certified by the carrier to be used
21 for consumption, shipment, or storage in the conduct of its
22 business as an air common carrier, for a flight that (i) is
23 engaged in foreign trade or is engaged in trade between the
24 United States and any of its possessions and (ii) transports at
25 least one individual or package for hire from the city of
26 origination to the city of final destination on the same

1 aircraft, without regard to a change in the flight number of
2 that aircraft.

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

12 (10) Until July 1, 2003, and beginning again on July 1,
13 2016 and ending on June 30, 2021, oil field exploration,
14 drilling, and production equipment, including (i) rigs and
15 parts of rigs, rotary rigs, cable tool rigs, and workover rigs,
16 (ii) pipe and tubular goods, including casing and drill
17 strings, (iii) pumps and pump-jack units, (iv) storage tanks
18 and flow lines, (v) any individual replacement part for oil
19 field exploration, drilling, and production equipment, and
20 (vi) machinery and equipment purchased for lease; but excluding
21 motor vehicles required to be registered under the Illinois
22 Vehicle Code.

23 (11) Proceeds from the sale of photoprocessing machinery
24 and equipment, including repair and replacement parts, both new
25 and used, including that manufactured on special order,
26 certified by the purchaser to be used primarily for

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

3 (12) Coal and aggregate exploration, mining, off-highway
4 hauling, processing, maintenance, and reclamation equipment,
5 including replacement parts and equipment, and including
6 equipment purchased for lease, but excluding motor vehicles
7 required to be registered under the Illinois Vehicle Code. The
8 changes made to this Section by Public Act 97-767 apply on and
9 after July 1, 2003, but no claim for credit or refund is
10 allowed on or after August 16, 2013 (the effective date of
11 Public Act 98-456) for such taxes paid during the period
12 beginning July 1, 2003 and ending on August 16, 2013 (the
13 effective date of Public Act 98-456).

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

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

1 ending on the effective date of this amendatory Act of the 95th
2 General Assembly.

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

25 (16) Personal property purchased by a lessor who leases the
26 property, under a lease of one year or longer executed or in

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

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

1 number by the Department that assists victims of the disaster
2 who reside within the declared disaster area.

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

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

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

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

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

25 (22) Beginning January 1, 2000 and through December 31,
26 2001, new or used automatic vending machines that prepare and

1 serve hot food and beverages, including coffee, soup, and other
2 items, and replacement parts for these machines. Beginning
3 January 1, 2002 and through June 30, 2003, machines and parts
4 for machines used in commercial, coin-operated amusement and
5 vending business if a use or occupation tax is paid on the
6 gross receipts derived from the use of the commercial,
7 coin-operated amusement and vending machines. This paragraph
8 is exempt from the provisions of Section 3-75.

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

22 (24) Beginning on the effective date of this amendatory Act
23 of the 92nd General Assembly, computers and communications
24 equipment utilized for any hospital purpose and equipment used
25 in the diagnosis, analysis, or treatment of hospital patients
26 purchased by a lessor who leases the equipment, under a lease

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

20 (25) Beginning on the effective date of this amendatory Act
21 of the 92nd General Assembly, personal property purchased by a
22 lessor who leases the property, under a lease of one year or
23 longer executed or in effect at the time the lessor would
24 otherwise be subject to the tax imposed by this Act, to a
25 governmental body that has been issued an active tax exemption
26 identification number by the Department under Section 1g of the

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

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

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

1 aircraft. This exemption includes consumable supplies used in
2 the modification, refurbishment, completion, replacement,
3 repair, and maintenance of aircraft, but excludes any
4 materials, parts, equipment, components, and consumable
5 supplies used in the modification, replacement, repair, and
6 maintenance of aircraft engines or power plants, whether such
7 engines or power plants are installed or uninstalled upon any
8 such aircraft. "Consumable supplies" include, but are not
9 limited to, adhesive, tape, sandpaper, general purpose
10 lubricants, cleaning solution, latex gloves, and protective
11 films. This exemption applies only to the use of qualifying
12 tangible personal property transferred incident to the
13 modification, refurbishment, completion, replacement, repair,
14 or maintenance of aircraft by persons who (i) hold an Air
15 Agency Certificate and are empowered to operate an approved
16 repair station by the Federal Aviation Administration, (ii)
17 have a Class IV Rating, and (iii) conduct operations in
18 accordance with Part 145 of the Federal Aviation Regulations.
19 The exemption does not include aircraft operated by a
20 commercial air carrier providing scheduled passenger air
21 service pursuant to authority issued under Part 121 or Part 129
22 of the Federal Aviation Regulations. The changes made to this
23 paragraph (27) by Public Act 98-534 are declarative of existing
24 law.

25 (28) Tangible personal property purchased by a
26 public-facilities corporation, as described in Section

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

13 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
14 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
15 7-16-14; 99-180, eff. 7-29-15.)

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

18 (35 ILCS 115/3-5)

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

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

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

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

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

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

26 (5) Until July 1, 2003 and beginning again on September 1,

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

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

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

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

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

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

21 (8) Until June 30, 2013, fuel and petroleum products sold
22 to or used by an air common carrier, certified by the carrier
23 to be used for consumption, shipment, or storage in the conduct
24 of its business as an air common carrier, for a flight destined
25 for or returning from a location or locations outside the
26 United States without regard to previous or subsequent domestic

1 stopovers.

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

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

20 (10) Until July 1, 2003, and beginning again on July 1,
21 2016 and ending on June 30, 2021, oil field exploration,
22 drilling, and production equipment, including (i) rigs and
23 parts of rigs, rotary rigs, cable tool rigs, and workover rigs,
24 (ii) pipe and tubular goods, including casing and drill
25 strings, (iii) pumps and pump-jack units, (iv) storage tanks
26 and flow lines, (v) any individual replacement part for oil

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

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

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

21 (13) Beginning January 1, 1992 and through June 30, 2016,
22 food for human consumption that is to be consumed off the
23 premises where it is sold (other than alcoholic beverages, soft
24 drinks and food that has been prepared for immediate
25 consumption) and prescription and non-prescription medicines,
26 drugs, medical appliances, and insulin, urine testing

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

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

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

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

1 hospital that has been issued an active tax exemption
2 identification number by the Department under Section 1g of the
3 Retailers' Occupation Tax Act.

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

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

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

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

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

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

1 industrial, business, or commercial occupation.

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

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

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

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

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

18 (26) Beginning on January 1, 2002 and through June 30,
19 2016, tangible personal property purchased from an Illinois
20 retailer by a taxpayer engaged in centralized purchasing
21 activities in Illinois who will, upon receipt of the property
22 in Illinois, temporarily store the property in Illinois (i) for
23 the purpose of subsequently transporting it outside this State
24 for use or consumption thereafter solely outside this State or
25 (ii) for the purpose of being processed, fabricated, or
26 manufactured into, attached to, or incorporated into other

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

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

22 (28) Tangible personal property sold to a
23 public-facilities corporation, as described in Section
24 11-65-10 of the Illinois Municipal Code, for purposes of
25 constructing or furnishing a municipal convention hall, but
26 only if the legal title to the municipal convention hall is

1 transferred to the municipality without any further
2 consideration by or on behalf of the municipality at the time
3 of the completion of the municipal convention hall or upon the
4 retirement or redemption of any bonds or other debt instruments
5 issued by the public-facilities corporation in connection with
6 the development of the municipal convention hall. This
7 exemption includes existing public-facilities corporations as
8 provided in Section 11-65-25 of the Illinois Municipal Code.
9 This paragraph is exempt from the provisions of Section 3-55.

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

1 or maintenance of an aircraft by persons who (i) hold an Air
2 Agency Certificate and are empowered to operate an approved
3 repair station by the Federal Aviation Administration, (ii)
4 have a Class IV Rating, and (iii) conduct operations in
5 accordance with Part 145 of the Federal Aviation Regulations.
6 The exemption does not include aircraft operated by a
7 commercial air carrier providing scheduled passenger air
8 service pursuant to authority issued under Part 121 or Part 129
9 of the Federal Aviation Regulations. The changes made to this
10 paragraph (29) by Public Act 98-534 are declarative of existing
11 law.

12 (Source: P.A. 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; 98-756, eff.
14 7-16-14; 99-180, eff. 7-29-15.)

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

17 (35 ILCS 120/2-5)

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

21 (1) Farm chemicals.

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

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

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

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

1 computer-assisted operation of production agriculture
2 facilities, equipment, and activities such as, but not limited
3 to, the collection, monitoring, and correlation of animal and
4 crop data for the purpose of formulating animal diets and
5 agricultural chemicals. This item (2) is exempt from the
6 provisions of Section 2-70.

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

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

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

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

1 located in Illinois.

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

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

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

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

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

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

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

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

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

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

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

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

1 with respect to which the service charge is imposed.

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

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

13 (18) 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 (19) Until July 1 2003, and beginning again on July 1, 2016
18 and ending on June 30, 2021, oil field exploration, drilling,
19 and production equipment, including (i) rigs and parts of rigs,
20 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
21 tubular goods, including casing and drill strings, (iii) pumps
22 and pump-jack units, (iv) storage tanks and flow lines, (v) any
23 individual replacement part for oil field exploration,
24 drilling, and production equipment, and (vi) machinery and
25 equipment purchased for lease; but excluding motor vehicles
26 required to be registered under the Illinois Vehicle Code.

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

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

17 (22) Until June 30, 2013, fuel and petroleum products sold
18 to or used by an air carrier, certified by the carrier to be
19 used for consumption, shipment, or storage in the conduct of
20 its business as an air common carrier, for a flight destined
21 for or returning from a location or locations outside the
22 United States without regard to previous or subsequent domestic
23 stopovers.

24 Beginning July 1, 2013, fuel and petroleum products sold to
25 or used by an air carrier, certified by the carrier to be used
26 for consumption, shipment, or storage in the conduct of its

1 business as an air common carrier, for a flight that (i) is
2 engaged in foreign trade or is engaged in trade between the
3 United States and any of its possessions and (ii) transports at
4 least one individual or package for hire from the city of
5 origination to the city of final destination on the same
6 aircraft, without regard to a change in the flight number of
7 that aircraft.

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

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

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

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

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

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

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

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

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

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

1 reasonably require.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 (35-5) Beginning August 23, 2001 and through June 30, 2016,
5 food for human consumption that is to be consumed off the
6 premises where it is sold (other than alcoholic beverages, soft
7 drinks, and food that has been prepared for immediate
8 consumption) and prescription and nonprescription medicines,
9 drugs, medical appliances, and insulin, urine testing
10 materials, syringes, and needles used by diabetics, for human
11 use, when purchased for use by a person receiving medical
12 assistance under Article V of the Illinois Public Aid Code who
13 resides in a licensed long-term care facility, as defined in
14 the Nursing Home Care Act, or a licensed facility as defined in
15 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
16 Mental Health Rehabilitation Act of 2013.

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

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

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

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

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

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

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

1 complete, replace, or maintain an aircraft and who (i) hold an
2 Air Agency Certificate and are empowered to operate an approved
3 repair station by the Federal Aviation Administration, (ii)
4 have a Class IV Rating, and (iii) conduct operations in
5 accordance with Part 145 of the Federal Aviation Regulations.
6 The exemption does not include aircraft operated by a
7 commercial air carrier providing scheduled passenger air
8 service pursuant to authority issued under Part 121 or Part 129
9 of the Federal Aviation Regulations. The changes made to this
10 paragraph (40) by Public Act 98-534 are declarative of existing
11 law.

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

26 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;

1 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
2 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
3 7-29-15.)

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