

1 AN ACT in relation to taxation.

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
5 Section 3-5 as follows:

6 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

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

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

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

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

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

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

14 (5) A passenger car that is a replacement vehicle to the
15 extent that the purchase price of the car is subject to the
16 Replacement Vehicle Tax.

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

23 (7) Farm chemicals.

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

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

31 (10) A motor vehicle of the first division, a motor
32 vehicle of the second division that is a self-contained motor
33 vehicle designed or permanently converted to provide living
34 quarters for recreational, camping, or travel use, with

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

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

27 Farm machinery and equipment shall include precision
28 farming equipment that is installed or purchased to be
29 installed on farm machinery and equipment including, but not
30 limited to, tractors, harvesters, sprayers, planters,
31 seeders, or spreaders. Precision farming equipment includes,
32 but is not limited to, soil testing sensors, computers,
33 monitors, software, global positioning and mapping systems,
34 and other such equipment.

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

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

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

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

33 (15) Photoprocessing machinery and equipment, including
34 repair and replacement parts, both new and used, including

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

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

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

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

27 (19) Personal property delivered to a purchaser or
28 purchaser's donee inside Illinois when the purchase order for
29 that personal property was received by a florist located
30 outside Illinois who has a florist located inside Illinois
31 deliver the personal property.

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

34 (21) Horses, or interests in horses, registered with and

1 meeting the requirements of any of the Arabian Horse Club
2 Registry of America, Appaloosa Horse Club, American Quarter
3 Horse Association, United States Trotting Association, or
4 Jockey Club, as appropriate, used for purposes of breeding or
5 racing for prizes.

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

29 (23) Personal property purchased by a lessor who leases
30 the property, under a lease of one year or longer executed
31 or in effect at the time the lessor would otherwise be
32 subject to the tax imposed by this Act, to a governmental
33 body that has been issued an active sales tax exemption
34 identification number by the Department under Section 1g of

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

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

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

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

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

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

30 (28) Beginning January 1, 2000, personal property,
31 including food, purchased through fundraising events for the
32 benefit of a public or private elementary or secondary
33 school, a group of those schools, or one or more school
34 districts if the events are sponsored by an entity recognized

1 by the school district that consists primarily of volunteers
2 and includes parents and teachers of the school children.
3 This paragraph does not apply to fundraising events (i) for
4 the benefit of private home instruction or (ii) for which the
5 fundraising entity purchases the personal property sold at
6 the events from another individual or entity that sold the
7 property for the purpose of resale by the fundraising entity
8 and that profits from the sale to the fundraising entity.
9 This paragraph is exempt from the provisions of Section 3-90.

10 (29) Beginning January 1, 2000, new or used automatic
11 vending machines that prepare and serve hot food and
12 beverages, including coffee, soup, and other items, and
13 replacement parts for these machines. This paragraph is
14 exempt from the provisions of Section 3-90.

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

25 (31) Beginning January 1, 2002, telecommunications
26 equipment, of the type defined in Section 3(a)(50) of the
27 Telecommunications Act of 1996 (47 U.S.C. Sections 151 and
28 following) including servers, modems, and routers, that is
29 consumed or used directly and predominantly in the operation
30 of a telecommunications business or Internet service
31 business. "Telecommunications equipment" does not include
32 office furniture and equipment or motor vehicles, but does
33 include operating software. "Telecommunications provider"
34 means the provider of telecommunications for a fee directly

1 to the public, or such classes of users as to be effectively
2 available directly to the public, regardless of the
3 facilities used, and shall include all participants in
4 supporting such telecommunications such as subsidiaries,
5 affiliates, partners, and co-venturers for equipment sold to
6 or used by such participants to upgrade systems to allow for
7 the provision of such telecommunications.
8 "Telecommunications provider" does not include a provider of
9 services limited to single structures such as a hotel,
10 office, or apartment building. "Internet" means,
11 collectively, the computer and telecommunications facilities,
12 including equipment and operating software, that comprise the
13 interconnected worldwide network of networks that employ the
14 Transmission Control Protocol/Internet Protocol, or any
15 predecessor or successor protocols to such protocol.
16 "Internet service" means the offering or provision of use of
17 the Internet. This paragraph (31) is exempt from the
18 provisions of Section 3-90.

19 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
20 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
21 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,
22 eff. 8-20-99; 91-901, eff. 1-1-01.)

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

25 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)
26 Sec. 3-5. Exemptions. Use of the following tangible
27 personal property is exempt from the tax imposed by this Act:
28 (1) Personal property purchased from a corporation,
29 society, association, foundation, institution, or
30 organization, other than a limited liability company, that is
31 organized and operated as a not-for-profit service enterprise
32 for the benefit of persons 65 years of age or older if the

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

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

6 (3) Personal property purchased by a not-for-profit arts
7 or cultural organization that establishes, by proof required
8 by the Department by rule, that it has received an exemption
9 under Section 501(c)(3) of the Internal Revenue Code and that
10 is organized and operated for the presentation or support of
11 arts or cultural programming, activities, or services. These
12 organizations include, but are not limited to, music and
13 dramatic arts organizations such as symphony orchestras and
14 theatrical groups, arts and cultural service organizations,
15 local arts councils, visual arts organizations, and media
16 arts organizations.

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

21 (5) Graphic arts machinery and equipment, including
22 repair and replacement parts, both new and used, and
23 including that manufactured on special order or purchased for
24 lease, certified by the purchaser to be used primarily for
25 graphic arts production.

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

29 (7) Farm machinery and equipment, both new and used,
30 including that manufactured on special order, certified by
31 the purchaser to be used primarily for production agriculture
32 or State or federal agricultural programs, including
33 individual replacement parts for the machinery and equipment,
34 including machinery and equipment purchased for lease, and

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

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

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

30 (8) Fuel and petroleum products sold to or used by an
31 air common carrier, certified by the carrier to be used for
32 consumption, shipment, or storage in the conduct of its
33 business as an air common carrier, for a flight destined for
34 or returning from a location or locations outside the United

1 States without regard to previous or subsequent domestic
2 stopovers.

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

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

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

27 (12) Coal exploration, mining, offhighway hauling,
28 processing, maintenance, and reclamation equipment, including
29 replacement parts and equipment, and including equipment
30 purchased for lease, but excluding motor vehicles required to
31 be registered under the Illinois Vehicle Code.

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

34 (14) Horses, or interests in horses, registered with and

1 meeting the requirements of any of the Arabian Horse Club
2 Registry of America, Appaloosa Horse Club, American Quarter
3 Horse Association, United States Trotting Association, or
4 Jockey Club, as appropriate, used for purposes of breeding or
5 racing for prizes.

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

29 (16) Personal property purchased by a lessor who leases
30 the property, under a lease of one year or longer executed or
31 in effect at the time the lessor would otherwise be subject
32 to the tax imposed by this Act, to a governmental body that
33 has been issued an active tax exemption identification number
34 by the Department under Section 1g of the Retailers'

1 Occupation Tax Act. If the property is leased in a manner
2 that does not qualify for this exemption or is used in any
3 other non-exempt manner, the lessor shall be liable for the
4 tax imposed under this Act or the Use Tax Act, as the case
5 may be, based on the fair market value of the property at the
6 time the non-qualifying 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 Use Tax Act, as the case may be, if the tax has
10 not been paid by the lessor. If a lessor improperly collects
11 any such amount from the lessee, the lessee shall have a
12 legal right to claim a refund of that amount from the lessor.
13 If, however, that amount is not refunded to the lessee for
14 any reason, the lessor is liable to pay that amount to the
15 Department.

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

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

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

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

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

30 (21) ~~(20)~~ Beginning January 1, 2000, personal property,
31 including food, purchased through fundraising events for the
32 benefit of a public or private elementary or secondary
33 school, a group of those schools, or one or more school
34 districts if the events are sponsored by an entity recognized

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

10 (22) ~~(19)~~ Beginning January 1, 2000, new or used
11 automatic vending machines that prepare and serve hot food
12 and beverages, including coffee, soup, and other items, and
13 replacement parts for these machines. This paragraph is
14 exempt from the provisions of Section 3-75.

15 (23) Beginning January 1, 2002, telecommunications
16 equipment, of the type defined in Section 3(a)(50) of the
17 Telecommunications Act of 1996 (47 U.S.C. Sections 151 and
18 following) including servers, modems, and routers, that is
19 consumed or used directly and predominantly in the operation
20 of a telecommunications business or Internet service
21 business. "Telecommunications equipment" does not include
22 office furniture and equipment or motor vehicles, but does
23 include operating software. "Telecommunications provider"
24 means the provider of telecommunications for a fee directly
25 to the public, or such classes of users as to be effectively
26 available directly to the public, regardless of the
27 facilities used, and shall include all participants in
28 supporting such telecommunications such as subsidiaries,
29 affiliates, partners, and co-venturers for equipment sold to
30 or used by such participants to upgrade systems to allow for
31 the provision of such telecommunications.
32 "Telecommunications provider" does not include a provider of
33 services limited to single structures such as a hotel,
34 office, or apartment building. "Internet" means,

1 collectively, the computer and telecommunications facilities,
 2 including equipment and operating software, that comprise the
 3 interconnected worldwide network of networks that employ the
 4 Transmission Control Protocol/Internet Protocol, or any
 5 predecessor or successor protocols to such protocol.
 6 "Internet service" means the offering or provision of use of
 7 the Internet. This paragraph (23) is exempt from the
 8 provisions of Section 3-75.

9 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
 10 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
 11 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,
 12 eff. 8-20-99; revised 9-29-99.)

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

15 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

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

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

28 (3) Personal property purchased by any not-for-profit
 29 arts or cultural organization that establishes, by proof
 30 required by the Department by rule, that it has received an
 31 exemption under Section 501(c)(3) of the Internal Revenue
 32 Code and that is organized and operated for the presentation

1 or support of arts or cultural programming, activities, or
2 services. These organizations include, but are not limited
3 to, music and dramatic arts organizations such as symphony
4 orchestras and theatrical groups, arts and cultural service
5 organizations, local arts councils, visual arts
6 organizations, and media arts organizations.

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

11 (5) Graphic arts machinery and equipment, including
12 repair and replacement parts, both new and used, and
13 including that manufactured on special order or purchased for
14 lease, certified by the purchaser to be used primarily for
15 graphic arts production.

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

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

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

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

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

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

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

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

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

16 (12) Coal exploration, mining, offhighway hauling,
17 processing, maintenance, and reclamation equipment, including
18 replacement parts and equipment, and including equipment
19 purchased for lease, but excluding motor vehicles required to
20 be registered under the Illinois Vehicle Code.

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

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

33 (15) Horses, or interests in horses, registered with and
34 meeting the requirements of any of the Arabian Horse Club

1 Registry of America, Appaloosa Horse Club, American Quarter
2 Horse Association, United States Trotting Association, or
3 Jockey Club, as appropriate, used for purposes of breeding or
4 racing for prizes.

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

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

19 (18) 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
22 for disaster relief to be used in a State or federally
23 declared disaster area in Illinois or bordering Illinois by a
24 manufacturer or retailer that is registered in this State to
25 a corporation, society, association, foundation, or
26 institution that has been issued a sales tax exemption
27 identification number by the Department that assists victims
28 of the disaster who reside within the declared disaster area.

29 (19) Beginning with taxable years ending on or after
30 December 31, 1995 and ending with taxable years ending on or
31 before December 31, 2004, personal property that is used in
32 the performance of infrastructure repairs in this State,
33 including but not limited to municipal roads and streets,
34 access roads, bridges, sidewalks, waste disposal systems,

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

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

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

33 (22) ~~(21)~~ Beginning January 1, 2000, personal property,
34 including food, purchased through fundraising events for the

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

13 (23) ~~(20)~~ Beginning January 1, 2000, new or used
14 automatic vending machines that prepare and serve hot food
15 and beverages, including coffee, soup, and other items, and
16 replacement parts for these machines. This paragraph is
17 exempt from the provisions of Section 3-55.

18 (24) Beginning January 1, 2002, telecommunications
19 equipment, of the type defined in Section 3(a)(50) of the
20 Telecommunications Act of 1996 (47 U.S.C. Sections 151 and
21 following) including servers, modems, and routers, that is
22 consumed or used directly and predominantly in the operation
23 of a telecommunications business or Internet service
24 business. "Telecommunications equipment" does not include
25 office furniture and equipment or motor vehicles, but does
26 include operating software. "Telecommunications provider"
27 means the provider of telecommunications for a fee directly
28 to the public, or such classes of users as to be effectively
29 available directly to the public, regardless of the
30 facilities used, and shall include all participants in
31 supporting such telecommunications such as subsidiaries,
32 affiliates, partners, and co-venturers for equipment sold to
33 or used by such participants to upgrade systems to allow for
34 the provision of such telecommunications.

1 "Telecommunications provider" does not include a provider of
 2 services limited to single structures such as a hotel,
 3 office, or apartment building. "Internet" means,
 4 collectively, the computer and telecommunications facilities,
 5 including equipment and operating software, that comprise the
 6 interconnected worldwide network of networks that employ the
 7 Transmission Control Protocol/Internet Protocol, or any
 8 predecessor or successor protocols to such protocol.
 9 "Internet service" means the offering or provision of use of
 10 the Internet. This paragraph (24) is exempt from the
 11 provisions of Section 3-55.

12 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
 13 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
 14 7-20-99; 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637,
 15 eff. 8-20-99; 91-644, eff. 8-20-99; revised 9-29-99.)

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

18 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

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

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

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

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

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

32 (4) Graphic arts machinery and equipment, including
33 repair and replacement parts, both new and used, and
34 including that manufactured on special order or purchased for

1 lease, certified by the purchaser to be used primarily for
2 graphic arts production.

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

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

17 (7) Proceeds of that portion of the selling price of a
18 passenger car the sale of which is subject to the Replacement
19 Vehicle Tax.

20 (8) Personal property sold to an Illinois county fair
21 association for use in conducting, operating, or promoting
22 the county fair.

23 (9) Personal property sold to a not-for-profit arts or
24 cultural organization that establishes, by proof required by
25 the Department by rule, that it has received an exemption
26 under Section 501(c)(3) of the Internal Revenue Code and that
27 is organized and operated for the presentation or support of
28 arts or cultural programming, activities, or services. These
29 organizations include, but are not limited to, music and
30 dramatic arts organizations such as symphony orchestras and
31 theatrical groups, arts and cultural service organizations,
32 local arts councils, visual arts organizations, and media
33 arts organizations.

34 (10) Personal property sold by a corporation, society,

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

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

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

30 (13) Proceeds from sales to owners, lessors, or shippers
31 of tangible personal property that is utilized by interstate
32 carriers for hire for use as rolling stock moving in
33 interstate commerce and equipment operated by a
34 telecommunications provider, licensed as a common carrier by

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

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

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

24 (16) Petroleum products sold to a purchaser if the
25 seller is prohibited by federal law from charging tax to the
26 purchaser.

27 (17) Tangible personal property sold to a common carrier
28 by rail or motor that receives the physical possession of the
29 property in Illinois and that transports the property, or
30 shares with another common carrier in the transportation of
31 the property, out of Illinois on a standard uniform bill of
32 lading showing the seller of the property as the shipper or
33 consignor of the property to a destination outside Illinois,
34 for use outside Illinois.

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

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

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

20 (21) Coal exploration, mining, offhighway hauling,
21 processing, maintenance, and reclamation equipment, including
22 replacement parts and equipment, and including equipment
23 purchased for lease, but excluding motor vehicles required to
24 be registered under the Illinois Vehicle Code.

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

32 (23) A transaction in which the purchase order is
33 received by a florist who is located outside Illinois, but
34 who has a florist located in Illinois deliver the property to

1 the purchaser or the purchaser's donee in Illinois.

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

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

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

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

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

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

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

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

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

1 (33) ~~(32)~~ A motor vehicle, as that term is defined in
2 Section 1-146 of the Illinois Vehicle Code, that is donated
3 to a corporation, limited liability company, society,
4 association, foundation, or institution that is determined by
5 the Department to be organized and operated exclusively for
6 educational purposes. For purposes of this exemption, "a
7 corporation, limited liability company, society, association,
8 foundation, or institution organized and operated exclusively
9 for educational purposes" means all tax-supported public
10 schools, private schools that offer systematic instruction in
11 useful branches of learning by methods common to public
12 schools and that compare favorably in their scope and
13 intensity with the course of study presented in tax-supported
14 schools, and vocational or technical schools or institutes
15 organized and operated exclusively to provide a course of
16 study of not less than 6 weeks duration and designed to
17 prepare individuals to follow a trade or to pursue a manual,
18 technical, mechanical, industrial, business, or commercial
19 occupation.

20 (34) ~~(33)~~ Beginning January 1, 2000, personal property,
21 including food, purchased through fundraising events for the
22 benefit of a public or private elementary or secondary
23 school, a group of those schools, or one or more school
24 districts if the events are sponsored by an entity recognized
25 by the school district that consists primarily of volunteers
26 and includes parents and teachers of the school children.
27 This paragraph does not apply to fundraising events (i) for
28 the benefit of private home instruction or (ii) for which the
29 fundraising entity purchases the personal property sold at
30 the events from another individual or entity that sold the
31 property for the purpose of resale by the fundraising entity
32 and that profits from the sale to the fundraising entity.
33 This paragraph is exempt from the provisions of Section 2-70.

34 (35) ~~(32)~~ Beginning January 1, 2000, new or used

1 automatic vending machines that prepare and serve hot food
2 and beverages, including coffee, soup, and other items, and
3 replacement parts for these machines. This paragraph is
4 exempt from the provisions of Section 2-70.

5 (36) Beginning January 1, 2002, telecommunications
6 equipment, of the type defined in Section 3(a)(50) of the
7 Telecommunications Act of 1996 (47 U.S.C. Sections 151 and
8 following) including servers, modems, and routers, that is
9 consumed or used directly and predominantly in the operation
10 of a telecommunications business or Internet service
11 business. "Telecommunications equipment" does not include
12 office furniture and equipment or motor vehicles, but does
13 include operating software. "Telecommunications provider"
14 means the provider of telecommunications for a fee directly
15 to the public, or such classes of users as to be effectively
16 available directly to the public, regardless of the
17 facilities used, and shall include all participants in
18 supporting such telecommunications such as subsidiaries,
19 affiliates, partners, and co-venturers for equipment sold to
20 or used by such participants to upgrade systems to allow for
21 the provision of such telecommunications.
22 "Telecommunications provider" does not include a provider of
23 services limited to single structures such as a hotel,
24 office, or apartment building. "Internet" means,
25 collectively, the computer and telecommunications facilities,
26 including equipment and operating software, that comprise the
27 interconnected worldwide network of networks that employ the
28 Transmission Control Protocol/Internet Protocol, or any
29 predecessor or successor protocols to such protocol.
30 "Internet service" means the offering or provision of use of
31 the Internet. This paragraph (36) is exempt from the
32 provisions of Section 2-70.

33 (Source: P.A. 90-14, eff. 7-1-97; 90-519, eff. 6-1-98;
34 90-552, eff. 12-12-97; 90-605, eff. 6-30-98; 91-51, eff.

1 6-30-99; 91-200, eff. 7-20-99; 91-439, eff. 8-6-99; 91-533,
2 eff. 8-13-99; 91-637, eff. 8-20-99; 91-644, eff. 8-20-99;
3 revised 9-28-99.)

4 Section 90. The State Mandates Act is amended by adding
5 Section 8.25 as follows:

6 (30 ILCS 805/8.25 new)

7 Sec. 8.25. Exempt mandate. Notwithstanding Sections 6
8 and 8 of this Act, no reimbursement by the State is required
9 for the implementation of any mandate created by this
10 amendatory Act of the 92nd General Assembly.

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