

1 AN ACT in relation to taxes.

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 on January 1, 2001, computers and  
26 communications equipment utilized for any hospital purpose  
27 and equipment used in the diagnosis, analysis, or treatment  
28 of hospital patients purchased by a lessor who leases the  
29 equipment, under a lease of one year or longer executed or in  
30 effect at the time the lessor would otherwise be subject to  
31 the tax imposed by this Act, to a hospital that has been  
32 issued an active tax exemption identification number by the  
33 Department under Section 1g of the Retailers' Occupation Tax  
34 Act. If the equipment is leased in a manner that does not

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

16 (32) Beginning on January 1, 2001, personal property  
17 purchased by a lessor who leases the property, under a lease  
18 of one year or longer executed or in effect at the time the  
19 lessor would otherwise be subject to the tax imposed by this  
20 Act, to a governmental body that has been issued an active  
21 sales tax exemption identification number by the Department  
22 under Section 1g of the Retailers' Occupation Tax Act. If  
23 the property is leased in a manner that does not qualify for  
24 this exemption or used in any other non-exempt manner, the  
25 lessor shall be liable for the tax imposed under this Act or  
26 the Service Use Tax Act, as the case may be, based on the  
27 fair market value of the property at the time the  
28 non-qualifying use occurs. No lessor shall collect or  
29 attempt to collect an amount (however designated) that  
30 purports to reimburse that lessor for the tax imposed by this  
31 Act or the Service Use Tax Act, as the case may be, if the  
32 tax has not been paid by the lessor. If a lessor improperly  
33 collects any such amount from the lessee, the lessee shall  
34 have a legal right to claim a refund of that amount from the

1 lessor. If, however, that amount is not refunded to the  
 2 lessee for any reason, the lessor is liable to pay that  
 3 amount to the Department. This paragraph is exempt from the  
 4 provisions of Section 3-90.

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

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

11 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

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

1 local arts councils, visual arts organizations, and media  
2 arts organizations.

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

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

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

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

34 Farm machinery and equipment shall include precision

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

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

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

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

32 (10) Oil field exploration, drilling, and production  
33 equipment, including (i) rigs and parts of rigs, rotary rigs,  
34 cable tool rigs, and workover rigs, (ii) pipe and tubular

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

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

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

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

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

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

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

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

1 Department.

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

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

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

31 (20) ~~(19)~~ A motor vehicle, as that term is defined in  
32 Section 1-146 of the Illinois Vehicle Code, that is donated  
33 to a corporation, limited liability company, society,  
34 association, foundation, or institution that is determined by



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

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

30 (22) ~~(19)~~ Beginning January 1, 2000, new or used  
31 automatic vending machines that prepare and serve hot food  
32 and beverages, including coffee, soup, and other items, and  
33 replacement parts for these machines. This paragraph is  
34 exempt from the provisions of Section 3-75.

1       (23) Beginning January 1, 2001, computers and  
2 communications equipment utilized for any hospital purpose  
3 and equipment used in the diagnosis, analysis, or treatment  
4 of hospital patients purchased by a lessor who leases the  
5 equipment, under a lease of one year or longer executed or in  
6 effect at the time the lessor would otherwise be subject to  
7 the tax imposed by this Act, to a hospital that has been  
8 issued an active tax exemption identification number by the  
9 Department under Section 1g of the Retailers' Occupation Tax  
10 Act. If the equipment is leased in a manner that does not  
11 qualify for this exemption or is used in any other non-exempt  
12 manner, the lessor shall be liable for the tax imposed under  
13 this Act or the Use Tax Act, as the case may be, based on the  
14 fair market value of the property at the time the  
15 non-qualifying use occurs. No lessor shall collect or  
16 attempt to collect an amount (however designated) that  
17 purports to reimburse that lessor for the tax imposed by this  
18 Act or the Use Tax Act, as the case may be, if the tax has  
19 not been paid by the lessor. If a lessor improperly collects  
20 any such amount from the lessee, the lessee shall have a  
21 legal right to claim a refund of that amount from the lessor.  
22 If, however, that amount is not refunded to the lessee for  
23 any reason, the lessor is liable to pay that amount to the  
24 Department. This paragraph is exempt from the provisions of  
25 Section 3-75.

26       (24) Beginning January 1, 2001, personal property  
27 purchased by a lessor who leases the property, under a lease  
28 of one year or longer executed or in effect at the time the  
29 lessor would otherwise be subject to the tax imposed by this  
30 Act, to a governmental body that has been issued an active  
31 tax exemption identification number by the Department under  
32 Section 1g of the Retailers' Occupation Tax Act. If the  
33 property is leased in a manner that does not qualify for this  
34 exemption or is used in any other non-exempt manner, the

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

14 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;  
 15 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.  
 16 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,  
 17 eff. 8-20-99; revised 9-29-99.)

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

20 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

23 (1) 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  
 27 benefit of persons 65 years of age or older if the personal  
 28 property was not purchased by the enterprise for the purpose  
 29 of resale by the enterprise.

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

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

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

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

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

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

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

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

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

25 (8) Fuel and petroleum products sold to or used by an  
26 air common 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 (9) Proceeds of mandatory service charges separately  
33 stated on customers' bills for the purchase and consumption  
34 of food and beverages, to the extent that the proceeds of the

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

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

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

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

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

1 defined in the Nursing Home Care Act.

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

4 (15) Horses, or interests in horses, registered with and  
5 meeting the requirements of any of the Arabian Horse Club  
6 Registry of America, Appaloosa Horse Club, American Quarter  
7 Horse Association, United States Trotting Association, or  
8 Jockey Club, as appropriate, used for purposes of breeding or  
9 racing for prizes.

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

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

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

34 (19) Beginning with taxable years ending on or after

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

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

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



1 prepare individuals to follow a trade or to pursue a manual,  
2 technical, mechanical, industrial, business, or commercial  
3 occupation.

4 (22) ~~(21)~~ Beginning January 1, 2000, personal property,  
5 including food, purchased through fundraising events for the  
6 benefit of a public or private elementary or secondary  
7 school, a group of those schools, or one or more school  
8 districts if the events are sponsored by an entity recognized  
9 by the school district that consists primarily of volunteers  
10 and includes parents and teachers of the school children.  
11 This paragraph does not apply to fundraising events (i) for  
12 the benefit of private home instruction or (ii) for which the  
13 fundraising entity purchases the personal property sold at  
14 the events from another individual or entity that sold the  
15 property for the purpose of resale by the fundraising entity  
16 and that profits from the sale to the fundraising entity.  
17 This paragraph is exempt from the provisions of Section 3-55.

18 (23) ~~(20)~~ Beginning January 1, 2000, new or used  
19 automatic vending machines that prepare and serve hot food  
20 and beverages, including coffee, soup, and other items, and  
21 replacement parts for these machines. This paragraph is  
22 exempt from the provisions of Section 3-55.

23 (24) Beginning January 1, 2001, computers and  
24 communications equipment utilized for any hospital purpose  
25 and equipment used in the diagnosis, analysis, or treatment  
26 of hospital patients sold to a lessor who leases the  
27 equipment, under a lease of one year or longer executed or in  
28 effect at the time of the purchase, to a hospital that has  
29 been issued an active tax exemption identification number by  
30 the Department under Section 1g of the Retailers' Occupation  
31 Tax Act. This paragraph is exempt from the provisions of  
32 Section 3-55.

33 (25) Beginning January 1, 2001, personal property sold  
34 to a lessor who leases the property, under a lease of one

1 year or longer executed or in effect at the time of the  
 2 purchase, to a governmental body that has been issued an  
 3 active tax exemption identification number by the Department  
 4 under Section 1g of the Retailers' Occupation Tax Act. This  
 5 paragraph is exempt from the provisions of Section 3-55.

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

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

12 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

- 16 (1) Farm chemicals.
- 17 (2) Farm machinery and equipment, both new and used,  
 18 including that manufactured on special order, certified by  
 19 the purchaser to be used primarily for production agriculture  
 20 or State or federal agricultural programs, including  
 21 individual replacement parts for the machinery and equipment,  
 22 including machinery and equipment purchased for lease, and  
 23 including implements of husbandry defined in Section 1-130 of  
 24 the Illinois Vehicle Code, farm machinery and agricultural  
 25 chemical and fertilizer spreaders, and nurse wagons required  
 26 to be registered under Section 3-809 of the Illinois Vehicle  
 27 Code, but excluding other motor vehicles required to be  
 28 registered under the Illinois Vehicle Code. Horticultural  
 29 polyhouses or hoop houses used for propagating, growing, or  
 30 overwintering plants shall be considered farm machinery and  
 31 equipment under this item (2). Agricultural chemical tender  
 32 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 2-70.

20 (3) Distillation machinery and equipment, sold as a unit  
21 or kit, assembled or installed by the retailer, certified by  
22 the user to be used only for the production of ethyl alcohol  
23 that will be used for consumption as motor fuel or as a  
24 component of motor fuel for the personal use of the user, and  
25 not subject to sale or resale.

26 (4) Graphic arts machinery and equipment, including  
27 repair and replacement parts, both new and used, and  
28 including that manufactured on special order or purchased for  
29 lease, certified by the purchaser to be used primarily for  
30 graphic arts production.

31 (5) 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 access to the living quarters from the  
2 driver's seat, or a motor vehicle of the second division that  
3 is of the van configuration designed for the transportation  
4 of not 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 (6) Personal property sold by a teacher-sponsored  
9 student organization affiliated with an elementary or  
10 secondary school located in Illinois.

11 (7) Proceeds of that portion of the selling price of a  
12 passenger car the sale of which is subject to the Replacement  
13 Vehicle Tax.

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

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

28 (10) Personal property sold by a corporation, society,  
29 association, foundation, institution, or organization, other  
30 than a limited liability company, that is organized and  
31 operated as a not-for-profit service enterprise for the  
32 benefit of persons 65 years of age or older if the personal  
33 property was not purchased by the enterprise for the purpose  
34 of resale by the enterprise.

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

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

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

32           (14) Machinery and equipment that will be used by the  
33 purchaser, or a lessee of the purchaser, primarily in the  
34 process of manufacturing or assembling tangible personal

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

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

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

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

29 (18) Legal tender, currency, medallions, or gold or  
30 silver coinage issued by the State of Illinois, the  
31 government of the United States of America, or the government  
32 of any foreign country, and bullion.

33 (19) Oil field exploration, drilling, and production  
34 equipment, including (i) rigs and parts of rigs, rotary rigs,

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

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

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

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

26 (23) A transaction in which the purchase order is  
27 received by a florist who is located outside Illinois, but  
28 who has a florist located in Illinois deliver the property to  
29 the purchaser or the purchaser's donee in Illinois.

30 (24) Fuel consumed or used in the operation of ships,  
31 barges, or vessels that are used primarily in or for the  
32 transportation of property or the conveyance of persons for  
33 hire on rivers bordering on this State if the fuel is  
34 delivered by the seller to the purchaser's barge, ship, or

1 vessel while it is afloat upon that bordering river.

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

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.

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

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

34 (30) Beginning with taxable years ending on or after



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

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

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

29 (33) ~~(32)~~ A motor vehicle, as that term is defined in  
30 Section 1-146 of the Illinois Vehicle Code, that is donated  
31 to a corporation, limited liability company, society,  
32 association, foundation, or institution that is determined by  
33 the Department to be organized and operated exclusively for  
34 educational purposes. For purposes of this exemption, "a

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

14 (34) ~~(33)~~ Beginning January 1, 2000, personal property,  
15 including food, purchased through fundraising events for the  
16 benefit of a public or private elementary or secondary  
17 school, a group of those schools, or one or more school  
18 districts if the events are sponsored by an entity recognized  
19 by the school district that consists primarily of volunteers  
20 and includes parents and teachers of the school children.  
21 This paragraph does not apply to fundraising events (i) for  
22 the benefit of private home instruction or (ii) for which the  
23 fundraising entity purchases the personal property sold at  
24 the events from another individual or entity that sold the  
25 property for the purpose of resale by the fundraising entity  
26 and that profits from the sale to the fundraising entity.  
27 This paragraph is exempt from the provisions of Section 2-70.

28 (35) ~~(32)~~ Beginning January 1, 2000, new or used  
29 automatic vending machines that prepare and serve hot food  
30 and beverages, including coffee, soup, and other items, and  
31 replacement parts for these machines. This paragraph is  
32 exempt from the provisions of Section 2-70.

33 (36) Beginning on January 1, 2001, computers and  
34 communications equipment utilized for any hospital purpose

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

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

15 (Source: P.A. 90-14, eff. 7-1-97; 90-519, eff. 6-1-98;  
16 90-552, eff. 12-12-97; 90-605, eff. 6-30-98; 91-51, eff.  
17 6-30-99; 91-200, eff. 7-20-99; 91-439, eff. 8-6-99; 91-533,  
18 eff. 8-13-99; 91-637, eff. 8-20-99; 91-644, eff. 8-20-99;  
19 revised 9-28-99.)

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