



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB1350

Introduced 2/6/2023, by Sen. Ann Gillespie

SYNOPSIS AS INTRODUCED:

- 35 ILCS 105/3-5
- 35 ILCS 110/3-5
- 35 ILCS 115/3-5
- 35 ILCS 120/2-5
- 35 ILCS 200/Art. 10 Div. 22 heading new
- 35 ILCS 200/10-900 new
- 35 ILCS 200/10-910 new
- 35 ILCS 200/10-915 new
- 35 ILCS 200/10-920 new
- 35 ILCS 200/10-925 new
- 35 ILCS 200/10-930 new
- 35 ILCS 200/10-935 new
- 35 ILCS 200/10-937 new
- 35 ILCS 200/10-940 new
- 35 ILCS 200/10-945 new
- 35 ILCS 200/10-950 new
- 35 ILCS 200/10-955 new
- 35 ILCS 200/10-960 new
- 35 ILCS 200/10-965 new
- 35 ILCS 200/10-970 new
- 35 ILCS 200/10-980 new
- 35 ILCS 200/10-990 new

Amends the Property Tax Code. Provides that certain property may be certified by the Department of Revenue as containing a mega project. Provides that a "mega project" is a project with respect to which a company makes a specified investment during a specified investment period. Provides that the mega project property is eligible for an assessment freeze. Provides that mega project property may be granted an abatement. Provides that a company that operates a mega project shall enter into an agreement with the municipality in which the project is located to make certain special payments. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that qualified tangible personal property used in the construction or operation of a mega project is exempt from the taxes imposed under those Acts. Effective June 1, 2023.

LRB103 27798 HLH 54176 b

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 105/3-5)

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

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

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

19 (3) Personal property purchased by a not-for-profit arts
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 primarily for the presentation or

1 support of arts or cultural programming, activities, or
2 services. These organizations include, but are not limited to,
3 music and dramatic arts organizations such as symphony
4 orchestras and theatrical groups, arts and cultural service
5 organizations, local arts councils, visual arts organizations,
6 and media arts organizations. On and after July 1, 2001 (the
7 effective date of Public Act 92-35), however, an entity
8 otherwise eligible for this exemption shall not make tax-free
9 purchases unless it has an active identification number issued
10 by the Department.

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

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

1 the car is subject to the Replacement Vehicle Tax.

2 (6) Until July 1, 2003 and beginning again on September 1,
3 2004 through August 30, 2014, graphic arts machinery and
4 equipment, including repair and replacement parts, both new
5 and used, and including that manufactured on special order,
6 certified by the purchaser to be used primarily for graphic
7 arts production, and including machinery and equipment
8 purchased for lease. Equipment includes chemicals or chemicals
9 acting as catalysts but only if the chemicals or chemicals
10 acting as catalysts effect a direct and immediate change upon
11 a graphic arts product. Beginning on July 1, 2017, graphic
12 arts machinery and equipment is included in the manufacturing
13 and assembling machinery and equipment exemption under
14 paragraph (18).

15 (7) Farm chemicals.

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

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

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

26 (11) Farm machinery and equipment, both new and used,

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

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

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

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

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

26 (13) Proceeds of mandatory service charges separately

1 stated on customers' bills for the purchase and consumption of
2 food and beverages purchased at retail from a retailer, to the
3 extent that the proceeds of the service charge are in fact
4 turned over as tips or as a substitute for tips to the
5 employees who participate directly in preparing, serving,
6 hosting or cleaning up the food or beverage function with
7 respect to which the service charge is imposed.

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

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

23 (16) Until July 1, 2028, coal and aggregate exploration,
24 mining, off-highway hauling, processing, maintenance, and
25 reclamation equipment, including replacement parts and
26 equipment, and including equipment purchased for lease, but

1 excluding motor vehicles required to be registered under the
2 Illinois Vehicle Code. The changes made to this Section by
3 Public Act 97-767 apply on and after July 1, 2003, but no claim
4 for credit or refund is allowed on or after August 16, 2013
5 (the effective date of Public Act 98-456) for such taxes paid
6 during the period beginning July 1, 2003 and ending on August
7 16, 2013 (the effective date of Public Act 98-456).

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

14 (18) Manufacturing and assembling machinery and equipment
15 used primarily in the process of manufacturing or assembling
16 tangible personal property for wholesale or retail sale or
17 lease, whether that sale or lease is made directly by the
18 manufacturer or by some other person, whether the materials
19 used in the process are owned by the manufacturer or some other
20 person, or whether that sale or lease is made apart from or as
21 an incident to the seller's engaging in the service occupation
22 of producing machines, tools, dies, jigs, patterns, gauges, or
23 other similar items of no commercial value on special order
24 for a particular purchaser. The exemption provided by this
25 paragraph (18) includes production related tangible personal
26 property, as defined in Section 3-50, purchased on or after

1 July 1, 2019. The exemption provided by this paragraph (18)
2 does not include machinery and equipment used in (i) the
3 generation of electricity for wholesale or retail sale; (ii)
4 the generation or treatment of natural or artificial gas for
5 wholesale or retail sale that is delivered to customers
6 through pipes, pipelines, or mains; or (iii) the treatment of
7 water for wholesale or retail sale that is delivered to
8 customers through pipes, pipelines, or mains. The provisions
9 of Public Act 98-583 are declaratory of existing law as to the
10 meaning and scope of this exemption. Beginning on July 1,
11 2017, the exemption provided by this paragraph (18) includes,
12 but is not limited to, graphic arts machinery and equipment,
13 as defined in paragraph (6) of this Section.

14 (19) Personal property delivered to a purchaser or
15 purchaser's donee inside Illinois when the purchase order for
16 that personal property was received by a florist located
17 outside Illinois who has a florist located inside Illinois
18 deliver the personal property.

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

21 (21) 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. This item (21) is exempt from the

1 provisions of Section 3-90, and the exemption provided for
2 under this item (21) applies for all periods beginning May 30,
3 1995, but no claim for credit or refund is allowed on or after
4 January 1, 2008 for such taxes paid during the period
5 beginning May 30, 2000 and ending on January 1, 2008.

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 leased
15 in a manner that does not qualify for this exemption or is used
16 in any other non-exempt manner, the lessor shall be liable for
17 the tax imposed under this Act or the Service Use Tax Act, as
18 the case may be, based on the fair market value of the property
19 at the time the non-qualifying use occurs. No lessor shall
20 collect or attempt to collect an amount (however designated)
21 that purports to reimburse that lessor for the tax imposed by
22 this Act or the Service Use Tax Act, as the case may be, if the
23 tax has not been paid by the lessor. If a lessor improperly
24 collects any such amount from the lessee, the lessee shall
25 have a legal right to claim a refund of that amount from the
26 lessor. If, however, that amount is not refunded to the lessee

1 for any reason, the lessor is liable to pay that amount to the
2 Department.

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

24 (24) 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

1 for disaster relief to be used in a State or federally declared
2 disaster area in Illinois or bordering Illinois by a
3 manufacturer or retailer that is registered in this State to a
4 corporation, society, association, foundation, or institution
5 that has been issued a sales tax exemption identification
6 number by the Department that assists victims of the disaster
7 who reside within the declared disaster area.

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

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

25 (27) A motor vehicle, as that term is defined in Section
26 1-146 of the Illinois Vehicle Code, that is donated to a

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

18 (28) Beginning January 1, 2000, personal property,
19 including food, purchased through fundraising events for the
20 benefit of a public or private elementary or secondary school,
21 a group of those schools, or one or more school districts if
22 the events are sponsored by an entity recognized by the school
23 district that consists primarily of volunteers and includes
24 parents and teachers of the school children. This paragraph
25 does not apply to fundraising events (i) for the benefit of
26 private home instruction or (ii) for which the fundraising

1 entity purchases the personal property sold at the events from
2 another individual or entity that sold the property for the
3 purpose of resale by the fundraising entity and that profits
4 from the sale to the fundraising entity. This paragraph is
5 exempt from the provisions of Section 3-90.

6 (29) Beginning January 1, 2000 and through December 31,
7 2001, new or used automatic vending machines that prepare and
8 serve hot food and beverages, including coffee, soup, and
9 other items, and replacement parts for these machines.
10 Beginning January 1, 2002 and through June 30, 2003, machines
11 and parts for machines used in commercial, coin-operated
12 amusement and vending business if a use or occupation tax is
13 paid on the gross receipts derived from the use of the
14 commercial, coin-operated amusement and vending machines. This
15 paragraph is exempt from the provisions of Section 3-90.

16 (30) Beginning January 1, 2001 and through June 30, 2016,
17 food for human consumption that is to be consumed off the
18 premises where it is sold (other than alcoholic beverages,
19 soft drinks, and food that has been prepared for immediate
20 consumption) and prescription and nonprescription medicines,
21 drugs, medical appliances, and insulin, urine testing
22 materials, syringes, and needles used by diabetics, for human
23 use, when purchased for use by a person receiving medical
24 assistance under Article V of the Illinois Public Aid Code who
25 resides in a licensed long-term care facility, as defined in
26 the Nursing Home Care Act, or in a licensed facility as defined

1 in the ID/DD Community Care Act, the MC/DD Act, or the
2 Specialized Mental Health Rehabilitation Act of 2013.

3 (31) Beginning on August 2, 2001 (the effective date of
4 Public Act 92-227), computers and communications equipment
5 utilized for any hospital purpose and equipment used in the
6 diagnosis, analysis, or treatment of hospital patients
7 purchased by a lessor who leases the equipment, under a lease
8 of one year or longer executed or in effect at the time the
9 lessor would otherwise be subject to the tax imposed by this
10 Act, to a 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. If the equipment is leased
13 in a manner that does not qualify for this exemption or is used
14 in any other nonexempt manner, the lessor shall be liable for
15 the tax imposed under this Act or the Service Use Tax Act, as
16 the case may be, based on the fair market value of the property
17 at the time the nonqualifying use occurs. No lessor shall
18 collect or attempt to collect an amount (however designated)
19 that purports to reimburse that lessor for the tax imposed by
20 this Act or the Service Use Tax Act, as the case may be, if the
21 tax has not been paid by the lessor. If a lessor improperly
22 collects any such amount from the lessee, the lessee shall
23 have a legal right to claim a refund of that amount from the
24 lessor. If, however, that amount is not refunded to the lessee
25 for any reason, the lessor is liable to pay that amount to the
26 Department. This paragraph is exempt from the provisions of

1 Section 3-90.

2 (32) Beginning on August 2, 2001 (the effective date of
3 Public Act 92-227), personal property purchased by a lessor
4 who leases the property, under a lease of one year or longer
5 executed or in effect at the time the lessor would otherwise be
6 subject to the tax imposed by this Act, to a governmental body
7 that has been issued an active sales tax exemption
8 identification number by the Department under Section 1g of
9 the Retailers' Occupation Tax Act. If the property is leased
10 in a manner that does not qualify for this exemption or used in
11 any other nonexempt manner, the lessor shall be liable for the
12 tax imposed under this Act or the Service Use Tax Act, as the
13 case may be, based on the fair market value of the property at
14 the time the nonqualifying use occurs. No lessor shall collect
15 or attempt to collect an amount (however designated) that
16 purports to reimburse that lessor for the tax imposed by this
17 Act or the Service Use Tax Act, as the case may be, if the tax
18 has not been paid by the lessor. If a lessor improperly
19 collects any such amount from the lessee, the lessee shall
20 have a legal right to claim a refund of that amount from the
21 lessor. If, however, that amount is not refunded to the lessee
22 for any reason, the lessor is liable to pay that amount to the
23 Department. This paragraph is exempt from the provisions of
24 Section 3-90.

25 (33) On and after July 1, 2003 and through June 30, 2004,
26 the use in this State of motor vehicles of the second division

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

18 (34) Beginning January 1, 2008, tangible personal property
19 used in the construction or maintenance of a community water
20 supply, as defined under Section 3.145 of the Environmental
21 Protection Act, that is operated by a not-for-profit
22 corporation that holds a valid water supply permit issued
23 under Title IV of the Environmental Protection Act. This
24 paragraph is exempt from the provisions of Section 3-90.

25 (35) Beginning January 1, 2010 and continuing through
26 December 31, 2024, materials, parts, equipment, components,

1 and furnishings incorporated into or upon an aircraft as part
2 of the modification, refurbishment, completion, replacement,
3 repair, or maintenance of the aircraft. This exemption
4 includes consumable supplies used in the modification,
5 refurbishment, completion, replacement, repair, and
6 maintenance of aircraft, but excludes any materials, parts,
7 equipment, components, and consumable supplies used in the
8 modification, replacement, repair, and maintenance of aircraft
9 engines or power plants, whether such engines or power plants
10 are installed or uninstalled upon any such aircraft.
11 "Consumable supplies" include, but are not limited to,
12 adhesive, tape, sandpaper, general purpose lubricants,
13 cleaning solution, latex gloves, and protective films. This
14 exemption applies only to the use of qualifying tangible
15 personal property by persons who modify, refurbish, complete,
16 repair, replace, or maintain aircraft and who (i) hold an Air
17 Agency Certificate and are empowered to operate an approved
18 repair station by the Federal Aviation Administration, (ii)
19 have a Class IV Rating, and (iii) conduct operations in
20 accordance with Part 145 of the Federal Aviation Regulations.
21 The exemption does not include aircraft operated by a
22 commercial air carrier providing scheduled passenger air
23 service pursuant to authority issued under Part 121 or Part
24 129 of the Federal Aviation Regulations. The changes made to
25 this paragraph (35) by Public Act 98-534 are declarative of
26 existing law. It is the intent of the General Assembly that the

1 exemption under this paragraph (35) applies continuously from
2 January 1, 2010 through December 31, 2024; however, no claim
3 for credit or refund is allowed for taxes paid as a result of
4 the disallowance of this exemption on or after January 1, 2015
5 and prior to February 5, 2020 (the effective date of Public Act
6 101-629) ~~this amendatory Act of the 101st General Assembly.~~

7 (36) Tangible personal property purchased by a
8 public-facilities corporation, as described in Section
9 11-65-10 of the Illinois Municipal Code, for purposes of
10 constructing or furnishing a municipal convention hall, but
11 only if the legal title to the municipal convention hall is
12 transferred to the municipality without any further
13 consideration by or on behalf of the municipality at the time
14 of the completion of the municipal convention hall or upon the
15 retirement or redemption of any bonds or other debt
16 instruments issued by the public-facilities corporation in
17 connection with the development of the municipal convention
18 hall. This exemption includes existing public-facilities
19 corporations as provided in Section 11-65-25 of the Illinois
20 Municipal Code. This paragraph is exempt from the provisions
21 of Section 3-90.

22 (37) Beginning January 1, 2017 and through December 31,
23 2026, menstrual pads, tampons, and menstrual cups.

24 (38) Merchandise that is subject to the Rental Purchase
25 Agreement Occupation and Use Tax. The purchaser must certify
26 that the item is purchased to be rented subject to a rental

1 purchase agreement, as defined in the Rental Purchase
2 Agreement Act, and provide proof of registration under the
3 Rental Purchase Agreement Occupation and Use Tax Act. This
4 paragraph is exempt from the provisions of Section 3-90.

5 (39) Tangible personal property purchased by a purchaser
6 who is exempt from the tax imposed by this Act by operation of
7 federal law. This paragraph is exempt from the provisions of
8 Section 3-90.

9 (40) Qualified tangible personal property used in the
10 construction or operation of a data center that has been
11 granted a certificate of exemption by the Department of
12 Commerce and Economic Opportunity, whether that tangible
13 personal property is purchased by the owner, operator, or
14 tenant of the data center or by a contractor or subcontractor
15 of the owner, operator, or tenant. Data centers that would
16 have qualified for a certificate of exemption prior to January
17 1, 2020 had Public Act 101-31 been in effect may apply for and
18 obtain an exemption for subsequent purchases of computer
19 equipment or enabling software purchased or leased to upgrade,
20 supplement, or replace computer equipment or enabling software
21 purchased or leased in the original investment that would have
22 qualified.

23 The Department of Commerce and Economic Opportunity shall
24 grant a certificate of exemption under this item (40) to
25 qualified data centers as defined by Section 605-1025 of the
26 Department of Commerce and Economic Opportunity Law of the

1 Civil Administrative Code of Illinois.

2 For the purposes of this item (40):

3 "Data center" means a building or a series of
4 buildings rehabilitated or constructed to house working
5 servers in one physical location or multiple sites within
6 the State of Illinois.

7 "Qualified tangible personal property" means:
8 electrical systems and equipment; climate control and
9 chilling equipment and systems; mechanical systems and
10 equipment; monitoring and secure systems; emergency
11 generators; hardware; computers; servers; data storage
12 devices; network connectivity equipment; racks; cabinets;
13 telecommunications cabling infrastructure; raised floor
14 systems; peripheral components or systems; software;
15 mechanical, electrical, or plumbing systems; battery
16 systems; cooling systems and towers; temperature control
17 systems; other cabling; and other data center
18 infrastructure equipment and systems necessary to operate
19 qualified tangible personal property, including fixtures;
20 and component parts of any of the foregoing, including
21 installation, maintenance, repair, refurbishment, and
22 replacement of qualified tangible personal property to
23 generate, transform, transmit, distribute, or manage
24 electricity necessary to operate qualified tangible
25 personal property; and all other tangible personal
26 property that is essential to the operations of a computer

1 data center. The term "qualified tangible personal
2 property" also includes building materials physically
3 incorporated in to the qualifying data center. To document
4 the exemption allowed under this Section, the retailer
5 must obtain from the purchaser a copy of the certificate
6 of eligibility issued by the Department of Commerce and
7 Economic Opportunity.

8 This item (40) is exempt from the provisions of Section
9 3-90.

10 (41) Beginning July 1, 2022, breast pumps, breast pump
11 collection and storage supplies, and breast pump kits. This
12 item (41) is exempt from the provisions of Section 3-90. As
13 used in this item (41):

14 "Breast pump" means an electrically controlled or
15 manually controlled pump device designed or marketed to be
16 used to express milk from a human breast during lactation,
17 including the pump device and any battery, AC adapter, or
18 other power supply unit that is used to power the pump
19 device and is packaged and sold with the pump device at the
20 time of sale.

21 "Breast pump collection and storage supplies" means
22 items of tangible personal property designed or marketed
23 to be used in conjunction with a breast pump to collect
24 milk expressed from a human breast and to store collected
25 milk until it is ready for consumption.

26 "Breast pump collection and storage supplies"

1 includes, but is not limited to: breast shields and breast
2 shield connectors; breast pump tubes and tubing adapters;
3 breast pump valves and membranes; backflow protectors and
4 backflow protector adaptors; bottles and bottle caps
5 specific to the operation of the breast pump; and breast
6 milk storage bags.

7 "Breast pump collection and storage supplies" does not
8 include: (1) bottles and bottle caps not specific to the
9 operation of the breast pump; (2) breast pump travel bags
10 and other similar carrying accessories, including ice
11 packs, labels, and other similar products; (3) breast pump
12 cleaning supplies; (4) nursing bras, bra pads, breast
13 shells, and other similar products; and (5) creams,
14 ointments, and other similar products that relieve
15 breastfeeding-related symptoms or conditions of the
16 breasts or nipples, unless sold as part of a breast pump
17 kit that is pre-packaged by the breast pump manufacturer
18 or distributor.

19 "Breast pump kit" means a kit that: (1) contains no
20 more than a breast pump, breast pump collection and
21 storage supplies, a rechargeable battery for operating the
22 breast pump, a breastmilk cooler, bottle stands, ice
23 packs, and a breast pump carrying case; and (2) is
24 pre-packaged as a breast pump kit by the breast pump
25 manufacturer or distributor.

26 (42) ~~(41)~~ Tangible personal property sold by or on behalf

1 of the State Treasurer pursuant to the Revised Uniform
2 Unclaimed Property Act. This item (42) ~~(41)~~ is exempt from the
3 provisions of Section 3-90.

4 (43) Qualified tangible personal property used in the
5 construction or operation of a mega project for which a
6 certificate has been issued by the Department under Division
7 22 of Article 10 of the Property Tax Code, whether that
8 tangible personal property is purchased by the owner,
9 operator, or tenant of the mega project or by a contractor or
10 subcontractor of the owner, operator, or tenant.

11 As used in this item (43):

12 "Facility" means a building or series of buildings.

13 "Mega project" means a facility that is rehabilitated or
14 constructed as described in Division 22 of Article 10 of the
15 Property Tax Code.

16 "Qualified tangible personal property" means: electrical
17 systems and equipment; climate control and chilling equipment
18 and systems; mechanical systems and equipment; monitoring and
19 secure systems; emergency generators; hardware; computers;
20 servers; data storage devices; network connectivity equipment;
21 racks; cabinets; telecommunications cabling infrastructure;
22 raised floor systems; peripheral components or systems;
23 software; mechanical, electrical, or plumbing systems; battery
24 systems; cooling systems and towers; temperature control
25 systems; other cabling; and other data center infrastructure
26 equipment and systems necessary to operate qualified tangible

1 personal property, including fixtures; and component parts of
2 those items, including installation, maintenance, repair,
3 refurbishment, and replacement of qualified tangible personal
4 property to generate, transform, transmit, distribute, or
5 manage electricity necessary to operate qualified tangible
6 personal property; and all other tangible personal property
7 that is essential to the operations of a mega project. The term
8 "qualified tangible personal property" also includes building
9 materials to be incorporated into the mega project. To
10 document the exemption allowed under this Section, the
11 retailer, contractor or subcontractor or supplier must obtain
12 from the purchaser a copy of the certificate issued by the
13 Department of Revenue for the mega project as described and
14 defined in Division 22 of Article 10 of the Property Tax Code.

15 This item (43) is exempt from the provisions of Section
16 3-90.

17 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
18 101-81, eff. 7-12-19; 101-629, eff. 2-5-20; 102-16, eff.
19 6-17-21; 102-700, Article 70, Section 70-5, eff. 4-19-22;
20 102-700, Article 75, Section 75-5, eff. 4-19-22; 102-1026,
21 eff. 5-27-22; revised 8-1-22.)

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

24 (35 ILCS 110/3-5)

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

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

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

13 (3) Personal property purchased by a not-for-profit arts
14 or cultural organization that establishes, by proof required
15 by the Department by rule, that it has received an exemption
16 under Section 501(c)(3) of the Internal Revenue Code and that
17 is organized and operated primarily for the presentation or
18 support of arts or cultural programming, activities, or
19 services. These organizations include, but are not limited to,
20 music and dramatic arts organizations such as symphony
21 orchestras and theatrical groups, arts and cultural service
22 organizations, local arts councils, visual arts organizations,
23 and media arts organizations. On and after July 1, 2001 (the
24 effective date of Public Act 92-35), however, an entity
25 otherwise eligible for this exemption shall not make tax-free
26 purchases unless it has an active identification number issued

1 by the Department.

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

6 (5) Until July 1, 2003 and beginning again on September 1,
7 2004 through August 30, 2014, graphic arts machinery and
8 equipment, including repair and replacement parts, both new
9 and used, and including that manufactured on special order or
10 purchased for lease, certified by the purchaser to be used
11 primarily for graphic arts production. Equipment includes
12 chemicals or chemicals acting as catalysts but only if the
13 chemicals or chemicals acting as catalysts effect a direct and
14 immediate change upon a graphic arts product. Beginning on
15 July 1, 2017, graphic arts machinery and equipment is included
16 in the manufacturing and assembling machinery and equipment
17 exemption under Section 2 of this Act.

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

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

1 implements of husbandry defined in Section 1-130 of the
2 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 a
11 motor vehicle required to be licensed and units sold mounted
12 on a motor vehicle required to be licensed if the selling price
13 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, seeders,
18 or spreaders. Precision farming equipment includes, but is not
19 limited to, soil testing sensors, computers, monitors,
20 software, global positioning and mapping systems, and other
21 such equipment.

22 Farm machinery and equipment also includes computers,
23 sensors, software, and related equipment used primarily in the
24 computer-assisted operation of production agriculture
25 facilities, equipment, and activities such as, but not limited
26 to, the collection, monitoring, and correlation of animal and

1 crop data for the purpose of formulating animal diets and
2 agricultural chemicals. This item (7) is exempt from the
3 provisions of Section 3-75.

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

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

21 (9) Proceeds of mandatory service charges separately
22 stated on customers' bills for the purchase and consumption of
23 food and beverages acquired as an incident to the purchase of a
24 service from a serviceman, to the extent that the proceeds of
25 the service charge are in fact turned over as tips or as a
26 substitute for tips to the employees who participate directly

1 in preparing, serving, hosting or cleaning up the food or
2 beverage function with respect to which the service charge is
3 imposed.

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

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

20 (12) Until July 1, 2028, coal and aggregate exploration,
21 mining, off-highway hauling, processing, maintenance, and
22 reclamation equipment, including replacement parts and
23 equipment, and including equipment purchased for lease, but
24 excluding motor vehicles required to be registered under the
25 Illinois Vehicle Code. The changes made to this Section by
26 Public Act 97-767 apply on and after July 1, 2003, but no claim

1 for credit or refund is allowed on or after August 16, 2013
2 (the effective date of Public Act 98-456) for such taxes paid
3 during the period beginning July 1, 2003 and ending on August
4 16, 2013 (the effective date of Public Act 98-456).

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

7 (14) Horses, or interests in horses, registered with and
8 meeting the requirements of any of the Arabian Horse Club
9 Registry of America, Appaloosa Horse Club, American Quarter
10 Horse Association, United States Trotting Association, or
11 Jockey Club, as appropriate, used for purposes of breeding or
12 racing for prizes. This item (14) is exempt from the
13 provisions of Section 3-75, and the exemption provided for
14 under this item (14) applies for all periods beginning May 30,
15 1995, but no claim for credit or refund is allowed on or after
16 January 1, 2008 (the effective date of Public Act 95-88) for
17 such taxes paid during the period beginning May 30, 2000 and
18 ending on January 1, 2008 (the effective date of Public Act
19 95-88).

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

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

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

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

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

21 (18) Beginning with taxable years ending on or after
22 December 31, 1995 and ending with taxable years ending on or
23 before December 31, 2004, personal property that is used in
24 the performance of infrastructure repairs in this State,
25 including but not limited to municipal roads and streets,
26 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 located
6 in the declared disaster area within 6 months after the
7 disaster.

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

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

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

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

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

1 commercial, coin-operated amusement and vending machines. This
2 paragraph is exempt from the provisions of Section 3-75.

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

16 (24) Beginning on August 2, 2001 (the effective date of
17 Public Act 92-227), computers and communications equipment
18 utilized for any hospital purpose and equipment used in the
19 diagnosis, analysis, or treatment of hospital patients
20 purchased by a lessor who leases the equipment, under a lease
21 of one year or longer executed or in effect at the time the
22 lessor would otherwise be subject to the tax imposed by this
23 Act, to a hospital that has been issued an active tax exemption
24 identification number by the Department under Section 1g of
25 the Retailers' Occupation Tax Act. If the equipment is leased
26 in a manner that does not qualify for this exemption or is used

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

15 (25) Beginning on August 2, 2001 (the effective date of
16 Public Act 92-227), personal property purchased by a lessor
17 who leases the property, under a lease of one year or longer
18 executed or in effect at the time the lessor would otherwise be
19 subject to the tax imposed by this Act, to a governmental body
20 that has been issued an active tax exemption identification
21 number by the Department under Section 1g of the Retailers'
22 Occupation Tax Act. If the property is leased in a manner that
23 does not qualify for this exemption or is used in any other
24 nonexempt manner, the lessor shall be liable for the tax
25 imposed under this Act or the Use Tax Act, as the case may be,
26 based on the fair market value of the property at the time the

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

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

18 (27) Beginning January 1, 2010 and continuing through
19 December 31, 2024, materials, parts, equipment, components,
20 and furnishings incorporated into or upon an aircraft as part
21 of the modification, refurbishment, completion, replacement,
22 repair, or maintenance of the aircraft. This exemption
23 includes consumable supplies used in the modification,
24 refurbishment, completion, replacement, repair, and
25 maintenance of aircraft, but excludes any materials, parts,
26 equipment, components, and consumable supplies used in the

1 modification, replacement, repair, and maintenance of aircraft
2 engines or power plants, whether such engines or power plants
3 are installed or uninstalled upon any such aircraft.
4 "Consumable supplies" include, but are not limited to,
5 adhesive, tape, sandpaper, general purpose lubricants,
6 cleaning solution, latex gloves, and protective films. This
7 exemption applies only to the use of qualifying tangible
8 personal property transferred incident to the modification,
9 refurbishment, completion, replacement, repair, or maintenance
10 of aircraft by persons who (i) hold an Air Agency Certificate
11 and are empowered to operate an approved repair station by the
12 Federal Aviation Administration, (ii) have a Class IV Rating,
13 and (iii) conduct operations in accordance with Part 145 of
14 the Federal Aviation Regulations. The exemption does not
15 include aircraft operated by a commercial air carrier
16 providing scheduled passenger air service pursuant to
17 authority issued under Part 121 or Part 129 of the Federal
18 Aviation Regulations. The changes made to this paragraph (27)
19 by Public Act 98-534 are declarative of existing law. It is the
20 intent of the General Assembly that the exemption under this
21 paragraph (27) applies continuously from January 1, 2010
22 through December 31, 2024; however, no claim for credit or
23 refund is allowed for taxes paid as a result of the
24 disallowance of this exemption on or after January 1, 2015 and
25 prior to February 5, 2020 (the effective date of Public Act
26 101-629) ~~this amendatory Act of the 101st General Assembly.~~

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

16 (29) Beginning January 1, 2017 and through December 31,
17 2026, menstrual pads, tampons, and menstrual cups.

18 (30) Tangible personal property transferred to a purchaser
19 who is exempt from the tax imposed by this Act by operation of
20 federal law. This paragraph is exempt from the provisions of
21 Section 3-75.

22 (31) Qualified tangible personal property used in the
23 construction or operation of a data center that has been
24 granted a certificate of exemption by the Department of
25 Commerce and Economic Opportunity, whether that tangible
26 personal property is purchased by the owner, operator, or

1 tenant of the data center or by a contractor or subcontractor
2 of the owner, operator, or tenant. Data centers that would
3 have qualified for a certificate of exemption prior to January
4 1, 2020 had Public Act 101-31 ~~this amendatory Act of the 101st~~
5 ~~General Assembly~~ been in effect, may apply for and obtain an
6 exemption for subsequent purchases of computer equipment or
7 enabling software purchased or leased to upgrade, supplement,
8 or replace computer equipment or enabling software purchased
9 or leased in the original investment that would have
10 qualified.

11 The Department of Commerce and Economic Opportunity shall
12 grant a certificate of exemption under this item (31) to
13 qualified data centers as defined by Section 605-1025 of the
14 Department of Commerce and Economic Opportunity Law of the
15 Civil Administrative Code of Illinois.

16 For the purposes of this item (31):

17 "Data center" means a building or a series of
18 buildings rehabilitated or constructed to house working
19 servers in one physical location or multiple sites within
20 the State of Illinois.

21 "Qualified tangible personal property" means:
22 electrical systems and equipment; climate control and
23 chilling equipment and systems; mechanical systems and
24 equipment; monitoring and secure systems; emergency
25 generators; hardware; computers; servers; data storage
26 devices; network connectivity equipment; racks; cabinets;

1 telecommunications cabling infrastructure; raised floor
2 systems; peripheral components or systems; software;
3 mechanical, electrical, or plumbing systems; battery
4 systems; cooling systems and towers; temperature control
5 systems; other cabling; and other data center
6 infrastructure equipment and systems necessary to operate
7 qualified tangible personal property, including fixtures;
8 and component parts of any of the foregoing, including
9 installation, maintenance, repair, refurbishment, and
10 replacement of qualified tangible personal property to
11 generate, transform, transmit, distribute, or manage
12 electricity necessary to operate qualified tangible
13 personal property; and all other tangible personal
14 property that is essential to the operations of a computer
15 data center. The term "qualified tangible personal
16 property" also includes building materials physically
17 incorporated in to the qualifying data center. To document
18 the exemption allowed under this Section, the retailer
19 must obtain from the purchaser a copy of the certificate
20 of eligibility issued by the Department of Commerce and
21 Economic Opportunity.

22 This item (31) is exempt from the provisions of Section
23 3-75.

24 (32) Beginning July 1, 2022, breast pumps, breast pump
25 collection and storage supplies, and breast pump kits. This
26 item (32) is exempt from the provisions of Section 3-75. As

1 used in this item (32):

2 "Breast pump" means an electrically controlled or
3 manually controlled pump device designed or marketed to be
4 used to express milk from a human breast during lactation,
5 including the pump device and any battery, AC adapter, or
6 other power supply unit that is used to power the pump
7 device and is packaged and sold with the pump device at the
8 time of sale.

9 "Breast pump collection and storage supplies" means
10 items of tangible personal property designed or marketed
11 to be used in conjunction with a breast pump to collect
12 milk expressed from a human breast and to store collected
13 milk until it is ready for consumption.

14 "Breast pump collection and storage supplies"
15 includes, but is not limited to: breast shields and breast
16 shield connectors; breast pump tubes and tubing adapters;
17 breast pump valves and membranes; backflow protectors and
18 backflow protector adaptors; bottles and bottle caps
19 specific to the operation of the breast pump; and breast
20 milk storage bags.

21 "Breast pump collection and storage supplies" does not
22 include: (1) bottles and bottle caps not specific to the
23 operation of the breast pump; (2) breast pump travel bags
24 and other similar carrying accessories, including ice
25 packs, labels, and other similar products; (3) breast pump
26 cleaning supplies; (4) nursing bras, bra pads, breast

1 shells, and other similar products; and (5) creams,
2 ointments, and other similar products that relieve
3 breastfeeding-related symptoms or conditions of the
4 breasts or nipples, unless sold as part of a breast pump
5 kit that is pre-packaged by the breast pump manufacturer
6 or distributor.

7 "Breast pump kit" means a kit that: (1) contains no
8 more than a breast pump, breast pump collection and
9 storage supplies, a rechargeable battery for operating the
10 breast pump, a breastmilk cooler, bottle stands, ice
11 packs, and a breast pump carrying case; and (2) is
12 pre-packaged as a breast pump kit by the breast pump
13 manufacturer or distributor.

14 (33) ~~(32)~~ Tangible personal property sold by or on behalf
15 of the State Treasurer pursuant to the Revised Uniform
16 Unclaimed Property Act. This item (33) ~~(32)~~ is exempt from the
17 provisions of Section 3-75.

18 (34) Qualified tangible personal property used in the
19 construction or operation of a mega project for which a
20 certificate has been issued by the Department of Revenue as
21 described and defined in Division 22 of Article 10 of the
22 Property Tax Code, whether that tangible personal property is
23 purchased by the owner, operator, or tenant of the mega
24 project or by a contractor or subcontractor of the owner,
25 operator, or tenant.

26 For the purposes of this item (34):

1 "Facility" means a building or series of buildings.

2 "Mega project" means a facility that is rehabilitated or
3 constructed as described in Division 22 of Article 10 of the
4 Property Tax Code.

5 "Qualified tangible personal property" means: electrical
6 systems and equipment; climate control and chilling equipment
7 and systems; mechanical systems and equipment; monitoring and
8 secure systems; emergency generators; hardware; computers;
9 servers; data storage devices; network connectivity equipment;
10 racks; cabinets; telecommunications cabling infrastructure;
11 raised floor systems; peripheral components or systems;
12 software; mechanical, electrical, or plumbing systems; battery
13 systems; cooling systems and towers; temperature control
14 systems; other cabling; and other data center infrastructure
15 equipment and systems necessary to operate qualified tangible
16 personal property, including fixtures; and component parts of
17 any of the foregoing, including installation, maintenance,
18 repair, refurbishment, and replacement of qualified tangible
19 personal property to generate, transform, transmit,
20 distribute, or manage electricity necessary to operate
21 qualified tangible personal property; and all other tangible
22 personal property that is essential to the operations of a
23 mega project. The term "qualified tangible personal property"
24 also includes building materials to be incorporated into the
25 mega project. To document the exemption allowed under this
26 Section, the retailer, contractor or subcontractor or supplier

1 must obtain from the purchaser a copy of the certificate
2 issued by the Department of Revenue for the mega project as
3 described and defined in Division 22 of Article 10 of the
4 Property Tax Code.

5 This item (34) is exempt from the provisions of Section
6 3-75.

7 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
8 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article
9 70, Section 70-10, eff. 4-19-22; 102-700, Article 75, Section
10 75-10, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-3-22.)

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

13 (35 ILCS 115/3-5)

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

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

23 (2) Personal property purchased by a not-for-profit
24 Illinois county fair association for use in conducting,

1 operating, or promoting the county fair.

2 (3) Personal property purchased by any not-for-profit arts
3 or cultural organization that establishes, by proof required
4 by the Department by rule, that it has received an exemption
5 under Section 501(c)(3) of the Internal Revenue Code and that
6 is organized and operated primarily for the presentation or
7 support of arts or cultural programming, activities, or
8 services. These organizations include, but are not limited to,
9 music and dramatic arts organizations such as symphony
10 orchestras and theatrical groups, arts and cultural service
11 organizations, local arts councils, visual arts organizations,
12 and media arts organizations. On and after July 1, 2001 (the
13 effective date of Public Act 92-35), however, an entity
14 otherwise eligible for this exemption shall not make tax-free
15 purchases unless it has an active identification number issued
16 by the Department.

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

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

1 chemicals or chemicals acting as catalysts but only if the
2 chemicals or chemicals acting as catalysts effect a direct and
3 immediate change upon a graphic arts product. Beginning on
4 July 1, 2017, graphic arts machinery and equipment is included
5 in the manufacturing and assembling machinery and equipment
6 exemption under Section 2 of this Act.

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

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

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

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

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

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

26 Beginning July 1, 2013, fuel and petroleum products sold

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

10 (9) Proceeds of mandatory service charges separately
11 stated on customers' bills for the 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 (10) Until July 1, 2003, oil field exploration, drilling,
19 and production equipment, including (i) rigs and parts of
20 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)
21 pipe and tubular goods, including casing and drill strings,
22 (iii) pumps and pump-jack units, (iv) storage tanks and flow
23 lines, (v) any individual replacement part for oil field
24 exploration, drilling, and production equipment, and (vi)
25 machinery and equipment purchased for lease; but excluding
26 motor vehicles required to be registered under the Illinois

1 Vehicle Code.

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

7 (12) Until July 1, 2028, coal and aggregate exploration,
8 mining, off-highway hauling, processing, maintenance, and
9 reclamation equipment, including replacement parts and
10 equipment, and including equipment purchased for lease, but
11 excluding motor vehicles required to be registered under the
12 Illinois Vehicle Code. The changes made to this Section by
13 Public Act 97-767 apply on and after July 1, 2003, but no claim
14 for credit or refund is allowed on or after August 16, 2013
15 (the effective date of Public Act 98-456) for such taxes paid
16 during the period beginning July 1, 2003 and ending on August
17 16, 2013 (the effective date of Public Act 98-456).

18 (13) Beginning January 1, 1992 and through June 30, 2016,
19 food for human consumption that is to be consumed off the
20 premises where it is sold (other than alcoholic beverages,
21 soft drinks and food that has been prepared for immediate
22 consumption) and prescription and non-prescription medicines,
23 drugs, medical appliances, and insulin, urine testing
24 materials, syringes, and needles used by diabetics, for human
25 use, when purchased for use by a person receiving medical
26 assistance under Article V of the Illinois Public Aid Code who

1 resides in a licensed long-term care facility, as defined in
2 the Nursing Home Care Act, or in a licensed facility as defined
3 in the ID/DD Community Care Act, the MC/DD Act, or the
4 Specialized Mental Health Rehabilitation Act of 2013.

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

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

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

1 the Retailers' Occupation Tax Act.

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

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

18 (19) Beginning with taxable years ending on or after
19 December 31, 1995 and ending with taxable years ending on or
20 before December 31, 2004, personal property that is used in
21 the performance of infrastructure repairs in this State,
22 including but not limited to municipal roads and streets,
23 access roads, bridges, sidewalks, waste disposal systems,
24 water and sewer line extensions, water distribution and
25 purification facilities, storm water drainage and retention
26 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 located
3 in the declared disaster area within 6 months after the
4 disaster.

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

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

1 occupation.

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

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

26 (24) Beginning on August 2, 2001 (the effective date of

1 Public Act 92-227), computers and communications equipment
2 utilized for any hospital purpose and equipment used in the
3 diagnosis, analysis, or treatment of hospital patients sold to
4 a lessor who leases the equipment, under a lease of one year or
5 longer executed or in effect at the time of the purchase, to a
6 hospital that has been issued an active tax exemption
7 identification number by the Department under Section 1g of
8 the Retailers' Occupation Tax Act. This paragraph is exempt
9 from the provisions of Section 3-55.

10 (25) Beginning on August 2, 2001 (the effective date of
11 Public Act 92-227), personal property sold to a lessor who
12 leases the property, under a lease of one year or longer
13 executed or in effect at the time of the purchase, to a
14 governmental body that has been issued an active tax exemption
15 identification number by the Department under Section 1g of
16 the Retailers' Occupation Tax Act. This paragraph is exempt
17 from the provisions of Section 3-55.

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

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

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

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

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

11 (29) Beginning January 1, 2010 and continuing through
12 December 31, 2024, materials, parts, equipment, components,
13 and furnishings incorporated into or upon an aircraft as part
14 of the modification, refurbishment, completion, replacement,
15 repair, or maintenance of the aircraft. This exemption
16 includes consumable supplies used in the modification,
17 refurbishment, completion, replacement, repair, and
18 maintenance of aircraft, but excludes any materials, parts,
19 equipment, components, and consumable supplies used in the
20 modification, replacement, repair, and maintenance of aircraft
21 engines or power plants, whether such engines or power plants
22 are installed or uninstalled upon any such aircraft.
23 "Consumable supplies" include, but are not limited to,
24 adhesive, tape, sandpaper, general purpose lubricants,
25 cleaning solution, latex gloves, and protective films. This
26 exemption applies only to the transfer of qualifying tangible

1 personal property incident to the modification, refurbishment,
2 completion, replacement, repair, or maintenance of an aircraft
3 by persons who (i) hold an Air Agency Certificate and are
4 empowered to operate an approved repair station by the Federal
5 Aviation Administration, (ii) have a Class IV Rating, and
6 (iii) conduct operations in accordance with Part 145 of the
7 Federal Aviation Regulations. The exemption does not include
8 aircraft operated by a commercial air carrier providing
9 scheduled passenger air service pursuant to authority issued
10 under Part 121 or Part 129 of the Federal Aviation
11 Regulations. The changes made to this paragraph (29) by Public
12 Act 98-534 are declarative of existing law. It is the intent of
13 the General Assembly that the exemption under this paragraph
14 (29) applies continuously from January 1, 2010 through
15 December 31, 2024; however, no claim for credit or refund is
16 allowed for taxes paid as a result of the disallowance of this
17 exemption on or after January 1, 2015 and prior to February 5,
18 2020 (the effective date of Public Act 101-629) ~~this~~
19 ~~amendatory Act of the 101st General Assembly.~~

20 (30) Beginning January 1, 2017 and through December 31,
21 2026, menstrual pads, tampons, and menstrual cups.

22 (31) Tangible personal property transferred to a purchaser
23 who is exempt from tax by operation of federal law. This
24 paragraph is exempt from the provisions of Section 3-55.

25 (32) Qualified tangible personal property used in the
26 construction or operation of a data center that has been

1 granted a certificate of exemption by the Department of
2 Commerce and Economic Opportunity, whether that tangible
3 personal property is purchased by the owner, operator, or
4 tenant of the data center or by a contractor or subcontractor
5 of the owner, operator, or tenant. Data centers that would
6 have qualified for a certificate of exemption prior to January
7 1, 2020 had Public Act 101-31 ~~this amendatory Act of the 101st~~
8 ~~General Assembly~~ been in effect, may apply for and obtain an
9 exemption for subsequent purchases of computer equipment or
10 enabling software purchased or leased to upgrade, supplement,
11 or replace computer equipment or enabling software purchased
12 or leased in the original investment that would have
13 qualified.

14 The Department of Commerce and Economic Opportunity shall
15 grant a certificate of exemption under this item (32) to
16 qualified data centers as defined by Section 605-1025 of the
17 Department of Commerce and Economic Opportunity Law of the
18 Civil Administrative Code of Illinois.

19 For the purposes of this item (32):

20 "Data center" means a building or a series of
21 buildings rehabilitated or constructed to house working
22 servers in one physical location or multiple sites within
23 the State of Illinois.

24 "Qualified tangible personal property" means:
25 electrical systems and equipment; climate control and
26 chilling equipment and systems; mechanical systems and

1 equipment; monitoring and secure systems; emergency
2 generators; hardware; computers; servers; data storage
3 devices; network connectivity equipment; racks; cabinets;
4 telecommunications cabling infrastructure; raised floor
5 systems; peripheral components or systems; software;
6 mechanical, electrical, or plumbing systems; battery
7 systems; cooling systems and towers; temperature control
8 systems; other cabling; and other data center
9 infrastructure equipment and systems necessary to operate
10 qualified tangible personal property, including fixtures;
11 and component parts of any of the foregoing, including
12 installation, maintenance, repair, refurbishment, and
13 replacement of qualified tangible personal property to
14 generate, transform, transmit, distribute, or manage
15 electricity necessary to operate qualified tangible
16 personal property; and all other tangible personal
17 property that is essential to the operations of a computer
18 data center. The term "qualified tangible personal
19 property" also includes building materials physically
20 incorporated in to the qualifying data center. To document
21 the exemption allowed under this Section, the retailer
22 must obtain from the purchaser a copy of the certificate
23 of eligibility issued by the Department of Commerce and
24 Economic Opportunity.

25 This item (32) is exempt from the provisions of Section
26 3-55.

1 (33) Beginning July 1, 2022, breast pumps, breast pump
2 collection and storage supplies, and breast pump kits. This
3 item (33) is exempt from the provisions of Section 3-55. As
4 used in this item (33):

5 "Breast pump" means an electrically controlled or
6 manually controlled pump device designed or marketed to be
7 used to express milk from a human breast during lactation,
8 including the pump device and any battery, AC adapter, or
9 other power supply unit that is used to power the pump
10 device and is packaged and sold with the pump device at the
11 time of sale.

12 "Breast pump collection and storage supplies" means
13 items of tangible personal property designed or marketed
14 to be used in conjunction with a breast pump to collect
15 milk expressed from a human breast and to store collected
16 milk until it is ready for consumption.

17 "Breast pump collection and storage supplies"
18 includes, but is not limited to: breast shields and breast
19 shield connectors; breast pump tubes and tubing adapters;
20 breast pump valves and membranes; backflow protectors and
21 backflow protector adaptors; bottles and bottle caps
22 specific to the operation of the breast pump; and breast
23 milk storage bags.

24 "Breast pump collection and storage supplies" does not
25 include: (1) bottles and bottle caps not specific to the
26 operation of the breast pump; (2) breast pump travel bags

1 and other similar carrying accessories, including ice
2 packs, labels, and other similar products; (3) breast pump
3 cleaning supplies; (4) nursing bras, bra pads, breast
4 shells, and other similar products; and (5) creams,
5 ointments, and other similar products that relieve
6 breastfeeding-related symptoms or conditions of the
7 breasts or nipples, unless sold as part of a breast pump
8 kit that is pre-packaged by the breast pump manufacturer
9 or distributor.

10 "Breast pump kit" means a kit that: (1) contains no
11 more than a breast pump, breast pump collection and
12 storage supplies, a rechargeable battery for operating the
13 breast pump, a breastmilk cooler, bottle stands, ice
14 packs, and a breast pump carrying case; and (2) is
15 pre-packaged as a breast pump kit by the breast pump
16 manufacturer or distributor.

17 (34) ~~(33)~~ Tangible personal property sold by or on behalf
18 of the State Treasurer pursuant to the Revised Uniform
19 Unclaimed Property Act. This item (34) ~~(33)~~ is exempt from the
20 provisions of Section 3-55.

21 (35) Qualified tangible personal property used in the
22 construction or operation of a mega project for which a
23 certificate has been issued by the Department of Revenue as
24 described and defined in Division 22 of Article 10 of the
25 Property Tax Code, whether that tangible personal property is
26 purchased by the owner, operator, or tenant of the mega

1 project or by a contractor or subcontractor of the owner,
2 operator, or tenant.

3 For the purposes of this item (35):

4 "Facility" means a building or series of buildings.

5 "Mega project" means a facility that is rehabilitated or
6 constructed as described in Division 22 of Article 10 of the
7 Property Tax Code.

8 "Qualified tangible personal property" means: electrical
9 systems and equipment; climate control and chilling equipment
10 and systems; mechanical systems and equipment; monitoring and
11 secure systems; emergency generators; hardware; computers;
12 servers; data storage devices; network connectivity equipment;
13 racks; cabinets; telecommunications cabling infrastructure;
14 raised floor systems; peripheral components or systems;
15 software; mechanical, electrical, or plumbing systems; battery
16 systems; cooling systems and towers; temperature control
17 systems; other cabling; and other data center infrastructure
18 equipment and systems necessary to operate qualified tangible
19 personal property, including fixtures; and component parts of
20 any of the foregoing, including installation, maintenance,
21 repair, refurbishment, and replacement of qualified tangible
22 personal property to generate, transform, transmit,
23 distribute, or manage electricity necessary to operate
24 qualified tangible personal property; and all other tangible
25 personal property that is essential to the operations of a
26 mega project. The term "qualified tangible personal property"

1 also includes building materials to be incorporated into the
2 mega project. To document the exemption allowed under this
3 Section, the retailer, contractor or subcontractor or supplier
4 must obtain from the purchaser a copy of the certificate
5 issued by the Department of Revenue for the mega project as
6 described and defined in Division 22 of Article 10 of the
7 Property Tax Code.

8 This item (35) is exempt from the provisions of Section
9 3-55.

10 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
11 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article
12 70, Section 70-15, eff. 4-19-22; 102-700, Article 75, Section
13 75-15, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-9-22.)

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

16 (35 ILCS 120/2-5)

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

20 (1) Farm chemicals.

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

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

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

26 Farm machinery and equipment also includes computers,

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

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

15 (4) Until July 1, 2003 and beginning again September
16 1, 2004 through August 30, 2014, graphic arts machinery
17 and equipment, including repair and replacement parts,
18 both new and used, and including that manufactured on
19 special order or purchased for lease, certified by the
20 purchaser to be used primarily for graphic arts
21 production. Equipment includes chemicals or chemicals
22 acting as catalysts but only if the chemicals or chemicals
23 acting as catalysts effect a direct and immediate change
24 upon a graphic arts product. Beginning on July 1, 2017,
25 graphic arts machinery and equipment is included in the
26 manufacturing and assembling machinery and equipment

1 exemption under paragraph (14).

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

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

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

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

15 (9) Personal property sold to a not-for-profit arts or
16 cultural organization that establishes, by proof required
17 by the Department by rule, that it has received an
18 exemption under Section 501(c)(3) of the Internal Revenue
19 Code and that is organized and operated primarily for the
20 presentation or support of arts or cultural programming,
21 activities, or services. These organizations include, but
22 are not limited to, music and dramatic arts organizations
23 such as symphony orchestras and theatrical groups, arts
24 and cultural service organizations, local arts councils,
25 visual arts organizations, and media arts organizations.
26 On and after July 1, 2001 (the effective date of Public Act

1 92-35), however, an entity otherwise eligible for this
2 exemption shall not make tax-free purchases unless it has
3 an active identification number issued by the Department.

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

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

26 (12) (Blank).

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

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

1 permanently installed in or affixed to aircraft moving in
2 interstate commerce.

3 (14) Machinery and equipment that will be used by the
4 purchaser, or a lessee of the purchaser, primarily in the
5 process of manufacturing or assembling tangible personal
6 property for wholesale or retail sale or lease, whether
7 the sale or lease is made directly by the manufacturer or
8 by some other person, whether the materials used in the
9 process are owned by the manufacturer or some other
10 person, or whether the sale or lease is made apart from or
11 as an incident to the seller's engaging in the service
12 occupation of producing machines, tools, dies, jigs,
13 patterns, gauges, or other similar items of no commercial
14 value on special order for a particular purchaser. The
15 exemption provided by this paragraph (14) does not include
16 machinery and equipment used in (i) the generation of
17 electricity for wholesale or retail sale; (ii) the
18 generation or treatment of natural or artificial gas for
19 wholesale or retail sale that is delivered to customers
20 through pipes, pipelines, or mains; or (iii) the treatment
21 of water for wholesale or retail sale that is delivered to
22 customers through pipes, pipelines, or mains. The
23 provisions of Public Act 98-583 are declaratory of
24 existing law as to the meaning and scope of this
25 exemption. Beginning on July 1, 2017, the exemption
26 provided by this paragraph (14) includes, but is not

1 limited to, graphic arts machinery and equipment, as
2 defined in paragraph (4) of this Section.

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

11 (16) Tangible personal property sold to a purchaser if
12 the purchaser is exempt from use tax by operation of
13 federal law. This paragraph is exempt from the provisions
14 of Section 2-70.

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

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

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

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

17 (21) Until July 1, 2028, coal and aggregate
18 exploration, mining, off-highway hauling, processing,
19 maintenance, and reclamation equipment, including
20 replacement parts and equipment, and including equipment
21 purchased for lease, but excluding motor vehicles required
22 to be registered under the Illinois Vehicle Code. The
23 changes made to this Section by Public Act 97-767 apply on
24 and after July 1, 2003, but no claim for credit or refund
25 is allowed on or after August 16, 2013 (the effective date
26 of Public Act 98-456) for such taxes paid during the

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

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

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

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

24 (24) Fuel consumed or used in the operation of ships,
25 barges, or vessels that are used primarily in or for the
26 transportation of property or the conveyance of persons

1 for hire on rivers bordering on this State if the fuel is
2 delivered by the seller to the purchaser's barge, ship, or
3 vessel while it is afloat upon that bordering river.

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

17 (25-5) The exemption under item (25) does not apply if
18 the state in which the motor vehicle will be titled does
19 not allow a reciprocal exemption for a motor vehicle sold
20 and delivered in that state to an Illinois resident but
21 titled in Illinois. The tax collected under this Act on
22 the sale of a motor vehicle in this State to a resident of
23 another state that does not allow a reciprocal exemption
24 shall be imposed at a rate equal to the state's rate of tax
25 on taxable property in the state in which the purchaser is
26 a resident, except that the tax shall not exceed the tax

1 that would otherwise be imposed under this Act. At the
2 time of the sale, the purchaser shall execute a statement,
3 signed under penalty of perjury, of his or her intent to
4 title the vehicle in the state in which the purchaser is a
5 resident within 30 days after the sale and of the fact of
6 the payment to the State of Illinois of tax in an amount
7 equivalent to the state's rate of tax on taxable property
8 in his or her state of residence and shall submit the
9 statement to the appropriate tax collection agency in his
10 or her state of residence. In addition, the retailer must
11 retain a signed copy of the statement in his or her
12 records. Nothing in this item shall be construed to
13 require the removal of the vehicle from this state
14 following the filing of an intent to title the vehicle in
15 the purchaser's state of residence if the purchaser titles
16 the vehicle in his or her state of residence within 30 days
17 after the date of sale. The tax collected under this Act in
18 accordance with this item (25-5) shall be proportionately
19 distributed as if the tax were collected at the 6.25%
20 general rate imposed under this Act.

21 (25-7) Beginning on July 1, 2007, no tax is imposed
22 under this Act on the sale of an aircraft, as defined in
23 Section 3 of the Illinois Aeronautics Act, if all of the
24 following conditions are met:

25 (1) the aircraft leaves this State within 15 days
26 after the later of either the issuance of the final

1 billing for the sale of the aircraft, or the
2 authorized approval for return to service, completion
3 of the maintenance record entry, and completion of the
4 test flight and ground test for inspection, as
5 required by 14 CFR ~~C.F.R.~~ 91.407;

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

8 (3) the seller retains in his or her books and
9 records and provides to the Department a signed and
10 dated certification from the purchaser, on a form
11 prescribed by the Department, certifying that the
12 requirements of this item (25-7) are met. The
13 certificate must also include the name and address of
14 the purchaser, the address of the location where the
15 aircraft is to be titled or registered, the address of
16 the primary physical location of the aircraft, and
17 other information that the Department may reasonably
18 require.

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

20 "Based in this State" means hangared, stored, or
21 otherwise used, excluding post-sale customizations as
22 defined in this Section, for 10 or more days in each
23 12-month period immediately following the date of the sale
24 of the aircraft.

25 "Registered in this State" means an aircraft
26 registered with the Department of Transportation,

1 Aeronautics Division, or titled or registered with the
2 Federal Aviation Administration to an address located in
3 this State.

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

6 (26) Semen used for artificial insemination of
7 livestock for direct agricultural production.

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

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

1 purchase, to a hospital that has been issued an active tax
2 exemption identification number by the Department under
3 Section 1g of this Act.

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

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

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

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

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

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

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

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

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

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

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

20 (36) Beginning August 2, 2001, computers and
21 communications equipment utilized for any hospital purpose
22 and equipment used in the diagnosis, analysis, or
23 treatment of hospital patients sold to a lessor who leases
24 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

1 identification number by the Department under Section 1g
2 of this Act. This paragraph is exempt from the provisions
3 of Section 2-70.

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

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

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

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

17 (40) Beginning January 1, 2010 and continuing through
18 December 31, 2024, materials, parts, equipment,
19 components, and furnishings incorporated into or upon an
20 aircraft as part of the modification, refurbishment,
21 completion, replacement, repair, or maintenance of the
22 aircraft. This exemption includes consumable supplies used
23 in the modification, refurbishment, completion,
24 replacement, repair, and maintenance of aircraft, but
25 excludes any materials, parts, equipment, components, and
26 consumable supplies used in the modification, replacement,

1 repair, and maintenance of aircraft engines or power
2 plants, whether such engines or power plants are installed
3 or uninstalled upon any such aircraft. "Consumable
4 supplies" include, but are not limited to, adhesive, tape,
5 sandpaper, general purpose lubricants, cleaning solution,
6 latex gloves, and protective films. This exemption applies
7 only to the sale of qualifying tangible personal property
8 to persons who modify, refurbish, complete, replace, or
9 maintain an aircraft and who (i) hold an Air Agency
10 Certificate and are empowered to operate an approved
11 repair station by the Federal Aviation Administration,
12 (ii) have a Class IV Rating, and (iii) conduct operations
13 in accordance with Part 145 of the Federal Aviation
14 Regulations. The exemption does not include aircraft
15 operated by a commercial air carrier providing scheduled
16 passenger air service pursuant to authority issued under
17 Part 121 or Part 129 of the Federal Aviation Regulations.
18 The changes made to this paragraph (40) by Public Act
19 98-534 are declarative of existing law. It is the intent
20 of the General Assembly that the exemption under this
21 paragraph (40) applies continuously from January 1, 2010
22 through December 31, 2024; however, no claim for credit or
23 refund is allowed for taxes paid as a result of the
24 disallowance of this exemption on or after January 1, 2015
25 and prior to February 5, 2020 (the effective date of
26 Public Act 101-629) ~~this amendatory Act of the 101st~~

1 ~~General Assembly.~~

2 (41) Tangible personal property sold to a
3 public-facilities corporation, as described in Section
4 11-65-10 of the Illinois Municipal Code, for purposes of
5 constructing or furnishing a municipal convention hall,
6 but only if the legal title to the municipal convention
7 hall is transferred to the municipality without any
8 further consideration by or on behalf of the municipality
9 at the time of the completion of the municipal convention
10 hall or upon the retirement or redemption of any bonds or
11 other debt instruments issued by the public-facilities
12 corporation in connection with the development of the
13 municipal convention hall. This exemption includes
14 existing public-facilities corporations as provided in
15 Section 11-65-25 of the Illinois Municipal Code. This
16 paragraph is exempt from the provisions of Section 2-70.

17 (42) Beginning January 1, 2017 and through December
18 31, 2026, menstrual pads, tampons, and menstrual cups.

19 (43) Merchandise that is subject to the Rental
20 Purchase Agreement Occupation and Use Tax. The purchaser
21 must certify that the item is purchased to be rented
22 subject to a rental purchase agreement, as defined in the
23 Rental Purchase Agreement Act, and provide proof of
24 registration under the Rental Purchase Agreement
25 Occupation and Use Tax Act. This paragraph is exempt from
26 the provisions of Section 2-70.

1 (44) Qualified tangible personal property used in the
2 construction or operation of a data center that has been
3 granted a certificate of exemption by the Department of
4 Commerce and Economic Opportunity, whether that tangible
5 personal property is purchased by the owner, operator, or
6 tenant of the data center or by a contractor or
7 subcontractor of the owner, operator, or tenant. Data
8 centers that would have qualified for a certificate of
9 exemption prior to January 1, 2020 had Public Act 101-31
10 ~~this amendatory Act of the 101st General Assembly~~ been in
11 effect, may apply for and obtain an exemption for
12 subsequent purchases of computer equipment or enabling
13 software purchased or leased to upgrade, supplement, or
14 replace computer equipment or enabling software purchased
15 or leased in the original investment that would have
16 qualified.

17 The Department of Commerce and Economic Opportunity
18 shall grant a certificate of exemption under this item
19 (44) to qualified data centers as defined by Section
20 605-1025 of the Department of Commerce and Economic
21 Opportunity Law of the Civil Administrative Code of
22 Illinois.

23 For the purposes of this item (44):

24 "Data center" means a building or a series of
25 buildings rehabilitated or constructed to house
26 working servers in one physical location or multiple

1 sites within the State of Illinois.

2 "Qualified tangible personal property" means:
3 electrical systems and equipment; climate control and
4 chilling equipment and systems; mechanical systems and
5 equipment; monitoring and secure systems; emergency
6 generators; hardware; computers; servers; data storage
7 devices; network connectivity equipment; racks;
8 cabinets; telecommunications cabling infrastructure;
9 raised floor systems; peripheral components or
10 systems; software; mechanical, electrical, or plumbing
11 systems; battery systems; cooling systems and towers;
12 temperature control systems; other cabling; and other
13 data center infrastructure equipment and systems
14 necessary to operate qualified tangible personal
15 property, including fixtures; and component parts of
16 any of the foregoing, including installation,
17 maintenance, repair, refurbishment, and replacement of
18 qualified tangible personal property to generate,
19 transform, transmit, distribute, or manage electricity
20 necessary to operate qualified tangible personal
21 property; and all other tangible personal property
22 that is essential to the operations of a computer data
23 center. The term "qualified tangible personal
24 property" also includes building materials physically
25 incorporated into the qualifying data center. To
26 document the exemption allowed under this Section, the

1 retailer must obtain from the purchaser a copy of the
2 certificate of eligibility issued by the Department of
3 Commerce and Economic Opportunity.

4 This item (44) is exempt from the provisions of
5 Section 2-70.

6 (45) Beginning January 1, 2020 and through December
7 31, 2020, sales of tangible personal property made by a
8 marketplace seller over a marketplace for which tax is due
9 under this Act but for which use tax has been collected and
10 remitted to the Department by a marketplace facilitator
11 under Section 2d of the Use Tax Act are exempt from tax
12 under this Act. A marketplace seller claiming this
13 exemption shall maintain books and records demonstrating
14 that the use tax on such sales has been collected and
15 remitted by a marketplace facilitator. Marketplace sellers
16 that have properly remitted tax under this Act on such
17 sales may file a claim for credit as provided in Section 6
18 of this Act. No claim is allowed, however, for such taxes
19 for which a credit or refund has been issued to the
20 marketplace facilitator under the Use Tax Act, or for
21 which the marketplace facilitator has filed a claim for
22 credit or refund under the Use Tax Act.

23 (46) Beginning July 1, 2022, breast pumps, breast pump
24 collection and storage supplies, and breast pump kits.
25 This item (46) is exempt from the provisions of Section
26 2-70. As used in this item (46):

1 "Breast pump" means an electrically controlled or
2 manually controlled pump device designed or marketed to be
3 used to express milk from a human breast during lactation,
4 including the pump device and any battery, AC adapter, or
5 other power supply unit that is used to power the pump
6 device and is packaged and sold with the pump device at the
7 time of sale.

8 "Breast pump collection and storage supplies" means
9 items of tangible personal property designed or marketed
10 to be used in conjunction with a breast pump to collect
11 milk expressed from a human breast and to store collected
12 milk until it is ready for consumption.

13 "Breast pump collection and storage supplies"
14 includes, but is not limited to: breast shields and breast
15 shield connectors; breast pump tubes and tubing adapters;
16 breast pump valves and membranes; backflow protectors and
17 backflow protector adaptors; bottles and bottle caps
18 specific to the operation of the breast pump; and breast
19 milk storage bags.

20 "Breast pump collection and storage supplies" does not
21 include: (1) bottles and bottle caps not specific to the
22 operation of the breast pump; (2) breast pump travel bags
23 and other similar carrying accessories, including ice
24 packs, labels, and other similar products; (3) breast pump
25 cleaning supplies; (4) nursing bras, bra pads, breast
26 shells, and other similar products; and (5) creams,

1 ointments, and other similar products that relieve
2 breastfeeding-related symptoms or conditions of the
3 breasts or nipples, unless sold as part of a breast pump
4 kit that is pre-packaged by the breast pump manufacturer
5 or distributor.

6 "Breast pump kit" means a kit that: (1) contains no
7 more than a breast pump, breast pump collection and
8 storage supplies, a rechargeable battery for operating the
9 breast pump, a breastmilk cooler, bottle stands, ice
10 packs, and a breast pump carrying case; and (2) is
11 pre-packaged as a breast pump kit by the breast pump
12 manufacturer or distributor.

13 (47) ~~(46)~~ Tangible personal property sold by or on
14 behalf of the State Treasurer pursuant to the Revised
15 Uniform Unclaimed Property Act. This item (47) ~~(46)~~ is
16 exempt from the provisions of Section 2-70.

17 (48) Qualified tangible personal property used in the
18 construction or operation of a Mega Project for which a
19 certificate has been issued by the Department of Revenue
20 as described and defined in Division 22 of Article 10 of
21 the Property Tax Code, whether that tangible personal
22 property is purchased by the owner, operator, or tenant of
23 the mega project or by a contractor or subcontractor of
24 the owner, operator, or tenant. For the purposes of this
25 item (48):

26 "Facility" means a building or series of buildings.

1 "Mega project" means a facility that is rehabilitated
2 or constructed as described in Division 22 of Article 10
3 of the Property Tax Code.

4 "Qualified tangible personal property" means:
5 electrical systems and equipment; climate control and
6 chilling equipment and systems; mechanical systems and
7 equipment; monitoring and secure systems; emergency
8 generators; hardware; computers; servers; data storage
9 devices; network connectivity equipment; racks; cabinets;
10 telecommunications cabling infrastructure; raised floor
11 systems; peripheral components or systems; software;
12 mechanical, electrical, or plumbing systems; battery
13 systems; cooling systems and towers; temperature control
14 systems; other cabling; and other data center
15 infrastructure equipment and systems necessary to operate
16 qualified tangible personal property, including fixtures;
17 and component parts of any of the foregoing, including
18 installation, maintenance, repair, refurbishment, and
19 replacement of qualified tangible personal property to
20 generate, transform, transmit, distribute, or manage
21 electricity necessary to operate qualified tangible
22 personal property; and all other tangible personal
23 property that is essential to the operations of a mega
24 project. The term "qualified tangible personal property"
25 also includes building materials to be incorporated into
26 the mega project. To document the exemption allowed under

1 this Section, the retailer, contractor or subcontractor or
2 supplier must obtain from the purchaser a copy of the
3 certificate issued by the Department of Revenue for the
4 mega project as described and defined in Division 22 of
5 Article 10 of the Property Tax Code.

6 This item (48) is exempt from the provisions of
7 Section 2-70.

8 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
9 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-634, eff.
10 8-27-21; 102-700, Article 70, Section 70-20, eff. 4-19-22;
11 102-700, Article 75, Section 75-20, eff. 4-19-22; 102-813,
12 eff. 5-13-22; 102-1026, eff. 5-27-22; revised 8-15-22.)

13 Section 25. The Property Tax Code is amended by adding
14 Division 22 to Article 10 as follows:

15 (35 ILCS 200/Art. 10 Div. 22 heading new)

16 Division 22. Mega projects

17 (35 ILCS 200/10-900 new)

18 Sec. 10-900. Findings. The State's economy is highly
19 vulnerable to other states that have major financial incentive
20 programs and competitive tax incentives. Certain businesses
21 and commercial operations that generate significant economic
22 activity bear a disproportionately high property tax burden
23 compared to their impact on government services and compared

1 to their positive economic benefits to the State and the local
2 economy and their derivative benefits to taxing districts. To
3 incentivize the significant capital investment and economic
4 activity of certain large-scale businesses and industrial and
5 commercial operations, the State finds that a valuation
6 procedure for real property taxes on special properties, known
7 as mega projects, will reduce barriers to investment and
8 economic activity in Illinois. The General Assembly finds that
9 it is in the best interest of Illinois to establish a new
10 category of valuation for mega projects that recognizes their
11 complexity and encourages local development at underutilized
12 properties.

13 (35 ILCS 200/10-910 new)

14 Sec. 10-910. Mega Project Assessment Freeze and Payment
15 Law; definitions. This Division 22 may be cited as the Mega
16 Project Assessment Freeze and Payment Law.

17 As used in this Division:

18 "Assessment officer" means the chief county assessment
19 officer of the county in which the mega project is located.

20 "Assessment period" means the period beginning on the
21 first day of the calendar year after the calendar year in which
22 a mega project is placed in service and ending on the date when
23 the mega project no longer qualifies as a mega project under
24 this Division.

25 "Base tax year" means the tax year prior to the first

1 calendar year during which the Department issues a mega
2 project certificate under this Division.

3 "Base year" means:

4 (1) the calendar year prior to the calendar year in
5 which the Department issues the mega project certificate,
6 if the Department issues a mega project certificate for a
7 project located on the property without granting
8 preliminary approval for the project pursuant to Section
9 10-940; or

10 (2) the calendar year prior to the calendar year in
11 which the Department grants that preliminary approval, if
12 the Department grants preliminary approval pursuant to
13 Section 10-940 for a mega project located on the property.

14 "Base year valuation" means the assessed value, in the
15 base year, of the property comprising the mega project.

16 "Company" means one or more entities whose aggregate
17 investment in the mega project meets the minimum investment
18 required under this Division. The term company shall include a
19 company affiliate unless the context clearly indicates
20 otherwise.

21 "Company affiliate" means an entity that joins with or is
22 an affiliate of a company and that participates in the
23 investment in, or financing of, a mega project.

24 "Department" means the Department of Revenue.

25 "Eligible costs" means all costs incurred by or on behalf
26 of, or allocated to, a company, prior to the Department's

1 issuance of the mega project certificate or during the
2 investment period, to create or construct a mega project.

3 "Eligible costs" includes, without limitation:

4 (1) the purchase, site preparation, renovation,
5 rehabilitation and construction of land, buildings,
6 structures, equipment and furnishings used for or in the
7 mega project;

8 (2) any goods or services for the mega project that
9 are purchased and capitalized under generally accepted
10 accounting principles, including any organizational costs
11 and research and development costs incurred in Illinois;

12 (3) capitalized lease costs for land, buildings,
13 structures and equipment valued at their present value
14 using the interest rate at which the company borrows funds
15 prevailing at the time the company entered into the lease;

16 (4) infrastructure development costs;

17 (5) debt service and project financing costs;

18 (6) non-capitalized research and development costs;

19 (7) job training and education costs;

20 (8) lease and relocation costs; and

21 (9) amounts expended by a company or company affiliate
22 as a non-responsible party pursuant to a voluntary program
23 of site remediation, including amounts expended to obtain
24 a certification of completion, if completion of
25 remediation is certified by the Illinois Environmental
26 Protection Agency.

1 "Entity" means a sole proprietor, partnership, firm,
2 corporation, limited liability company, association, or other
3 business enterprise.

4 "Incentive agreement" means an agreement between a company
5 and a local municipality obligating the company to make the
6 special payment under this Division, in addition to paying
7 property taxes, during the incentive period for a mega
8 project.

9 "Incentive period" means the period beginning on the first
10 day of the calendar year after the calendar year in which the
11 mega project is placed in service and each calendar year
12 thereafter until the earlier of (i) the expiration or
13 termination of the incentive agreement or (ii) the revocation
14 of the mega project certificate.

15 "Inducement resolution" means a resolution adopted by the
16 local municipality setting forth the commitment of the local
17 municipality to enter into an incentive agreement.

18 "Investment period" means the period ending 7 years after
19 the date on which the Department issues the mega project
20 certificate, or such other longer period of time as the local
21 municipality and the company may agree to, not to exceed an
22 initial period of 10 years.

23 "Local municipality" means the city, village, or
24 incorporated town in which the mega project is located or, if
25 the mega project is located in an unincorporated area, the
26 county in which the mega project is located.

1 "Mega project" means a project that satisfies the minimum
2 investment, investment period, and other requirements of this
3 Division.

4 "Mega project certificate" means a certificate issued by
5 the Department that authorizes an assessment freeze as
6 provided in this Division.

7 "Minimum investment" means an investment in the mega
8 project of at least \$500,000,000 in eligible costs within the
9 investment period.

10 "Minority person" means a person who is a citizen or
11 lawful permanent resident of the United States and who is any
12 of the following:

13 (1) American Indian or Alaska Native (a person having
14 origins in any of the original peoples of North and South
15 America, including Central America, and who maintains
16 tribal affiliation or community attachment).

17 (2) Asian (a person having origins in any of the
18 original peoples of the Far East, Southeast Asia, or the
19 Indian subcontinent, including, but not limited to,
20 Cambodia, China, India, Japan, Korea, Malaysia, Pakistan,
21 the Philippine Islands, Thailand, and Vietnam).

22 (3) Black or African American (a person having origins
23 in any of the black racial groups of Africa).

24 (4) Hispanic or Latino (a person of Cuban, Mexican,
25 Puerto Rican, South or Central American, or other Spanish
26 culture or origin, regardless of race).

1 (5) Native Hawaiian or Other Pacific Islander (a
2 person having origins in any of the original peoples of
3 Hawaii, Guam, Samoa, or other Pacific Islands).

4 "Minority-owned business" means a business that is at
5 least 51% owned by one or more minority persons, or in the case
6 of a corporation, at least 51% of the stock in which is owned
7 by one or more minority persons; and the management and daily
8 business operations of which are controlled by one or more of
9 the minority individuals who own it.

10 "Placed in service" means that construction of the mega
11 project is substantially complete, which may be evidenced by
12 issuance of a certificate of occupancy for the mega project by
13 the local municipality or any other governmental body having
14 jurisdiction over construction of the mega project or, if no
15 certificate of occupancy is required as to the mega project,
16 commencement of operations at the mega project site.

17 "Project" means land, buildings, and other improvements on
18 the land, including water, sewage treatment and disposal
19 facilities, air pollution control facilities, and all other
20 machinery, apparatus, equipment, office facilities, related
21 infrastructure, and furnishings which are considered
22 necessary, suitable, or useful by a company and comprise the
23 mega project, including all such property subject to
24 assessment under the Property Tax Code.

25 "Special payment" means the annual amount paid in addition
26 to property taxes paid during the incentive period as provided

1 in the incentive agreement.

2 "Taxing district" has the meaning set forth in Section
3 1-150.

4 "Termination date" means the last day of a calendar year
5 that is no later than the 23rd year following the first
6 calendar year in which a mega project is placed in service. A
7 company may apply to the local municipality prior to the
8 termination date for an extension of the termination date
9 beyond the 23rd year for up to 17 additional years, for a total
10 of 40 years. The corporate authorities of the local
11 municipality shall approve an extension by resolution upon a
12 finding of substantial public benefit. A copy of the
13 resolution must be delivered to the Department within 30 days
14 of the date the resolution was adopted. If the incentive
15 agreement is terminated under Section 10-937, then the
16 termination date is the date the agreement is terminated.

17 (35 ILCS 200/10-915 new)

18 Sec. 10-915. Valuation during incentive period;
19 eligibility.

20 (a) Property certified by the Department as mega project
21 property pursuant to this Division is eligible for an
22 assessment freeze, as provided in this Division, eliminating
23 from consideration, for assessment purposes during the
24 incentive period, the value added to the property by the
25 project and limiting the total valuation of the property

1 during the incentive period to the base year valuation. If the
2 company does not anticipate completing the project within the
3 investment period, then the local municipality may approve one
4 or more extensions of time to complete the project. However,
5 the local municipality may not extend the project for a period
6 that exceeds 5 years after the last day of the investment
7 period. Unless approved as part of the original incentive
8 agreement, the corporate authorities may approve an extension
9 under this subsection by resolution, a copy of which must be
10 delivered to the Department within 30 days after the date the
11 resolution is adopted.

12 (b) To qualify for a mega project certificate, the company
13 must:

14 (1) make the minimum investment in the mega project
15 during the investment period; minimum investment
16 requirements shall be construed broadly for purposes of
17 this Division;

18 (2) enter into an incentive agreement with the local
19 municipality as described in this Division;

20 (3) enter into a project labor agreement with the
21 applicable local building trades council prior to the
22 commencement of any demolition, building construction, or
23 building renovation related to the project; and

24 (4) establish the goal of awarding 20% of the total
25 dollar amount of contracts that are related to the project
26 and are awarded by the company during each calendar year

1 to minority-owned businesses.

2 (c) For purposes of this Division, if a single company
3 enters into a financing arrangement of the type described in
4 subsection (b) of Section 10-950, the investment in or
5 financing of the property by a developer, lessor, financing
6 entity, or other third party in accordance with this
7 arrangement is considered investment by the company.
8 Investment by a related person to the company is considered
9 investment by the company.

10 (35 ILCS 200/10-920 new)

11 Sec. 10-920. Incentive agreement; assessment freeze for
12 mega projects; incentive period; inducement resolution;
13 location of the project; criteria to qualify.

14 (a) To obtain the benefits provided in this Division, the
15 company shall apply in writing to the local municipality to
16 enter into an incentive agreement with the municipality, in
17 the form and manner required by the local municipality, and
18 shall certify to the facts asserted in the application.

19 (b) The corporate authorities of the local municipality,
20 prior to entering into an incentive agreement under this
21 Section, shall hold a public hearing to consider the
22 application. The amount and terms of the proposed special
23 payment and the duration of the incentive agreement shall be
24 considered at the public hearing.

25 (c) Copies of the completed application shall be provided

1 to each taxing district for which property taxes were assessed
2 on the property for the immediately preceding tax year. Those
3 copies shall be provided at least 30 days prior to the
4 scheduled public hearing at which the corporate authorities of
5 the local municipality will consider the application.

6 (d) The company and the local municipality shall enter
7 into an incentive agreement requiring the special payment
8 described in Section 10-925. The corporate authorities of the
9 local municipality shall adopt an ordinance approving the
10 incentive agreement.

11 (e) If an incentive agreement is not executed within 5
12 years after the local municipality's adoption of an inducement
13 resolution, expenditures incurred by the company more than 5
14 years prior to the execution of the incentive agreement shall
15 not qualify as part of the minimum investment.

16 (f) To be eligible to enter into an incentive agreement
17 under this Division, the company must commit to a project that
18 meets the minimum investment set forth in this Division.

19 (35 ILCS 200/10-925 new)

20 Sec. 10-925. Contents of incentive agreement.

21 (a) The incentive agreement under Section 10-920 must
22 require the company to pay, or be responsible for the payment
23 of, an annual special payment to the local municipality,
24 beginning with the first tax year for which the assessment
25 freeze under this Division is applied to the mega project. The

1 amount of the special payment shall be established by the
2 local municipality in the incentive agreement and may be a
3 fixed amount for the duration of the incentive period or may be
4 subject to adjustment (downward or upward) based on factors
5 memorialized in the incentive agreement.

6 (b) The incentive agreement shall obligate the company to
7 operate the mega project at the designated project location
8 for a minimum of 20 years.

9 (c) The incentive agreement may contain such other terms
10 and conditions as are mutually agreeable to the local
11 municipality and the company and are consistent with the
12 requirements of this Division, including, without limitation,
13 operational and job creation requirements.

14 (d) In addition, all incentive agreements entered into
15 pursuant to Section 10-920 must include, as the first portion
16 of the document, a recapitulation of the remaining contents of
17 the document which includes, but is not limited to, the
18 following:

19 (1) the legal name of each party to the agreement;

20 (2) the street address of the project and the property
21 subject to the agreement;

22 (3) the agreed minimum investment;

23 (4) the term of the agreement;

24 (5) a schedule showing the amount of the special
25 payment and its calculation for each year of the
26 agreement;

1 (6) a schedule showing the amount to be distributed
2 annually to each affected taxing district, which amount
3 shall be a percentage of the special payment equal to the
4 taxing district's proportionate share of property taxes
5 due and payable for the base tax year;

6 (7) any other feature or aspect of the agreement which
7 may affect the calculation of items (5) and (6) of this
8 subsection; and

9 (8) the party or parties to the agreement who are
10 responsible for updating the information contained in the
11 summary document.

12 (35 ILCS 200/10-930 new)

13 Sec. 10-930. Installment bills; distribution of special
14 payments.

15 (a) The local municipality shall prepare a bill for each
16 installment of the special payment according to the schedule
17 set forth in paragraph (5) of subsection (d) of Section
18 10-925, or as modified pursuant to paragraph (7) of subsection
19 (d) of Section 10-925, and that payment must be distributed to
20 the affected taxing entities according to the schedule in
21 paragraph (6) of subsection (d) of Section 10-925 or as
22 modified in paragraph (7) of subsection (d) of Section 10-925.

23 (b) Distribution to taxing districts of the special
24 payments associated with a mega project must be made within 30
25 days after receipt by the local municipality of the special

1 payment amounts.

2 (c) Misallocations of the distribution of the special
3 payments may be corrected by adjusting later distributions,
4 but these adjustments must be made in the next succeeding year
5 following identification and resolution of the misallocation.
6 To the extent that distributions have been made improperly in
7 previous years, claims for adjustment must be made within one
8 year of the distribution.

9 (35 ILCS 200/10-935 new)

10 Sec. 10-935. Use of revenues. A taxing district that
11 receives and retains revenues from a special payment under
12 this Division may use all or a portion of the revenues for the
13 purposes of financing the issuance of revenue bonds.

14 (35 ILCS 200/10-937 new)

15 Sec. 10-937. Termination of incentive agreement; automatic
16 termination; minimum level of investment required to remain
17 qualified for assessment freeze.

18 (a) The local municipality and the company may mutually
19 agree to terminate the incentive agreement at any time. From
20 the date of termination, the mega project is subject to
21 assessment on the basis of the then current fair cash value.

22 (b) An incentive agreement shall be terminated if the
23 company fails to satisfy the minimum investment level provided
24 in this Division. If the incentive agreement is terminated

1 under this subsection, the mega project is subject to
2 assessment on the basis of the then current fair cash value
3 beginning in the tax year during which the termination occurs.

4 (c) An incentive agreement shall terminate if, at any
5 time, the company no longer has the minimum level of
6 investment as provided in this Division, without regard to
7 depreciation.

8 (35 ILCS 200/10-940 new)

9 Sec. 10-940. Mega project applications; certification as a
10 mega project and revocation of certification.

11 (a) The Department shall receive applications for mega
12 project certificates under this Division in a form and manner
13 provided by the Department by rule. The Department shall
14 promptly notify the assessment officer when the Department
15 receives an application under this Section. The Department's
16 rules shall provide that an applicant may request preliminary
17 approval of the mega project before the project begins, before
18 the applicant has entered into a fully executed incentive
19 agreement with the local municipality, or before the project
20 has been placed in service.

21 (b) An applicant for a mega project certificate under this
22 Division must provide evidence to the Department of a fully
23 executed incentive agreement between the company and the local
24 municipality as described in this Division.

25 (c) An applicant for a mega project certificate under this

1 Division must provide evidence to the Department of a fully
2 executed project labor agreement entered into with the
3 applicable local building trades council prior to the
4 commencement of any demolition, building construction, or
5 building renovation at the project. If the demolition,
6 building construction, or building renovation begins after the
7 application is approved, then the applicant must transmit a
8 copy of the fully executed project labor agreement to the
9 Department as soon as possible after the agreement is
10 executed.

11 (d) An applicant for a mega project certificate under this
12 Division must provide evidence to the Department that the
13 company has established the goal of awarding 20% of the total
14 dollar amount of contracts awarded during each calendar year
15 by the company, that are related to the project, to
16 minority-owned businesses.

17 (e) The Department shall approve an application for a mega
18 project certificate if the Department finds that the project
19 meets the requirements of this Division.

20 (f) Upon approval of the application, the Department shall
21 issue a mega project certificate to the applicant and transmit
22 a copy to the assessment officer. The certificate shall
23 identify the property on which the mega project is located.

24 (g) For each calendar year following issuance of the mega
25 project certificate, until the minimum investment requirements
26 have been met and the mega project has been placed in service,

1 the company shall deliver a report to the Department on the
2 status of construction or creation of the mega project and the
3 amount of minimum investment made in the mega project during
4 the preceding calendar year. If the Department determines, in
5 accordance with the Administrative Review Law and the Illinois
6 Administrative Procedure Act, that a project for which a
7 certificate has been issued has not met the minimum investment
8 requirements of this Division within the investment period,
9 the Department shall revoke the certificate by written notice
10 to the taxpayer of record and transmit a copy of the revocation
11 to the assessment officer.

12 (h) If the local municipality notifies the Department that
13 the incentive agreement between the company and the local
14 municipality has been terminated, the Department shall revoke
15 the certificate by written notice to the taxpayer of record
16 and transmit a copy of the revocation to the assessment
17 officer.

18 (35 ILCS 200/10-945 new)

19 Sec. 10-945. Computation of valuation.

20 (a) Upon receipt of the mega project certificate from the
21 Department, the assessment officer shall determine the base
22 year valuation and shall make a notation on each statement of
23 assessment during the assessment period that the valuation of
24 the project is based upon the issuance of a mega project
25 certificate.

1 (b) Upon revocation of a mega project certificate, the
2 assessment officer shall compute the assessed valuation of the
3 project on the basis of the then current fair cash value of the
4 property.

5 (35 ILCS 200/10-950 new)

6 Sec. 10-950. Transfers of interest in a mega project;
7 sale-leaseback arrangement; requirements.

8 (a) Subject to the terms of the incentive agreement
9 between the company and the local municipality, ownership of
10 or any interest in the mega project and any and all related
11 project property, including, without limitation, transfers of
12 indirect beneficial interests and equity interests in a
13 company owning a mega project, shall not affect the assessment
14 freeze or the validity of the mega project certificate issued
15 under this Division. Notwithstanding the provisions of this
16 subsection, the incentive agreement shall be a covenant
17 running with the land.

18 (b) A company may enter into lending, financing, security,
19 leasing, or similar arrangements, or a succession of such
20 arrangements, with a financing entity concerning all or part
21 of a project including, without limitation, a sale-leaseback
22 arrangement, equipment lease, build-to-suit lease, synthetic
23 lease, nordic lease, defeased tax benefit, or transfer lease,
24 an assignment, sublease, or similar arrangement, or succession
25 of those arrangements, with one or more financing entities

1 concerning all or part of a project, regardless of the
2 identity of the income tax or fee owner of the mega project.
3 Neither the original transfer to the financing entity nor the
4 later transfer from the financing entity back to the company,
5 pursuant to terms in the sale-leaseback agreement, shall
6 affect the assessment freeze or the validity of the mega
7 project certificate issued under this Division, regardless of
8 whether the income tax basis is changed for income tax
9 purposes.

10 (c) The Department must receive notice of all transfers
11 undertaken with respect to other projects to effect a
12 financing. Notice shall be made in writing within 60 days
13 after the transfer, identifying each transferee and containing
14 other information required by the Department with the
15 appropriate returns. Failure to meet this notice requirement
16 does not adversely affect the assessment freeze.

17 (35 ILCS 200/10-955 new)

18 Sec. 10-955. Minimum investment by company affiliates. To
19 be eligible for the benefits of this Division, a company must
20 invest the minimum investment. Investments by company
21 affiliates during the investment period may be applied toward
22 the minimum investment under this Division regardless of
23 whether the company affiliate was part of the project. To
24 qualify for the assessment freeze, the minimum investments
25 pursuant must be at the mega project.

1 (35 ILCS 200/10-960 new)

2 Sec. 10-960. Projects to be valued at fair cash value for
3 purposes of bonded indebtedness and limitations on property
4 tax extensions. Projects to which an assessment freeze applies
5 pursuant to this Division shall be valued at their fair cash
6 value for purposes of calculating a municipality's general
7 obligation bond limits and a taxing district's limitation on
8 tax extensions.

9 (35 ILCS 200/10-965 new)

10 Sec. 10-965. Abatements. Any taxing district, upon a
11 majority vote of its governing authority, may, after the
12 determination of the assessed valuation as set forth in this
13 Division, order the clerk of the appropriate municipality or
14 county to abate any portion of real property taxes otherwise
15 levied or extended by the taxing district on a mega project.

16 (35 ILCS 200/10-970 new)

17 Sec. 10-970. Filing of returns, contracts, and other
18 information; due date of payments and returns.

19 (a) The company and the local municipality shall file
20 notices, reports, and other information as required by the
21 Department.

22 (b) Special payments are due at the same time as property
23 tax payments and property tax returns are due for the mega

1 project property.

2 (c) Failure to make a timely special payment results in
3 the assessment of penalties as if the payment were a
4 delinquent property tax payment or return.

5 (d) Within 30 days after the date of execution of an
6 incentive agreement, a copy of the incentive agreement must be
7 filed with the Department, the county assessor, and the county
8 auditor for the county in which the mega project is located.

9 (35 ILCS 200/10-980 new)

10 Sec. 10-980. Rules. The Department may issue rulings and
11 adopt rules as necessary to carry out the purpose of this
12 Division.

13 (35 ILCS 200/10-990 new)

14 Sec. 10-990. Invalidity. If all or any part of this
15 Division is determined to be unconstitutional or otherwise
16 unenforceable by a court of competent jurisdiction, a company
17 has 180 days from the date of the determination to transfer
18 title to a mega project to an authorized economic development
19 authority, which may qualify for property tax assessment under
20 this Division or which may be exempt from property taxes.

21 Section 97. Severability. The provisions of this Act are
22 severable under Section 1.31 of the Statute on Statutes.

23 Section 99. Effective date. This Act takes effect June 1,

SB1350

- 113 -

LRB103 27798 HLH 54176 b

1 2023.