

1 related to reliable energy production in Illinois. The
2 Commission shall be appointed by the Governor and shall
3 consist of all members of the Governor's Energy Cabinet. The
4 members of the Commission shall serve without compensation
5 but shall be reimbursed for their reasonable and necessary
6 expenses. The Commission shall consider the most effective
7 way to use Illinois coal to resolve the energy issues facing
8 the State. The Commission shall issue a report containing
9 its recommendations to the Governor and the General Assembly
10 on or before January 30, 2002.

11 Section 15. Single point of review process. The
12 Department of Natural Resources shall develop, in its
13 Division of Mines and Minerals, a single point of review
14 process for entities interested in building mine-mouth power
15 plants and related power transmission lines. The single
16 point of review process must coordinate reviews by all
17 involved State agencies and federal agencies. The Department
18 of Natural Resources must make the arrangements necessary for
19 prospective applicants to obtain all approvals necessary to
20 build a mine-mouth power plant and related power transmission
21 lines through the Department's single point of review
22 process.

23 Section 905. The Department of Commerce and Community
24 Affairs Law of the Civil Administrative Code of Illinois is
25 amended by adding Section 605-331 as follows:

26 (20 ILCS 605/605-331 new)

27 Sec. 605-331. Investment in mine-mouth power plants.
28 The Department is encouraged to direct a majority of its
29 investment in coal infrastructure projects to the development
30 of mine-mouth power plant projects and related power
31 transmission lines. For purposes of this Section,

1 "mine-mouth power plant" means a coal-fired power plant sited
2 adjacent to a coal mine. The Department, by rule, shall
3 establish the standards that must be met to qualify as a
4 related power transmission line.

5 Section 907. The Illinois Enterprise Zone Act is amended
6 by changing Section 5.3 as follows:

7 (20 ILCS 655/5.3) (from Ch. 67 1/2, par. 608)

8 Sec. 5.3. Certification of Enterprise Zones; Effective
9 date.

10 (a) Approval of designated Enterprise Zones shall be
11 made by the Department by certification of the designating
12 ordinance. The Department shall promptly issue a certificate
13 for each Enterprise Zone upon its approval. The certificate
14 shall be signed by the Director of the Department, shall make
15 specific reference to the designating ordinance, which shall
16 be attached thereto, and shall be filed in the office of the
17 Secretary of State. A certified copy of the Enterprise Zone
18 Certificate, or a duplicate original thereof, shall be
19 recorded in the office of recorder of deeds of the county in
20 which the Enterprise Zone lies.

21 (b) An Enterprise Zone shall be effective upon its
22 certification. The Department shall transmit a copy of the
23 certification to the Department of Revenue, and to the
24 designating municipality or county.

25 Upon certification of an Enterprise Zone, the terms and
26 provisions of the designating ordinance shall be in effect,
27 and may not be amended or repealed except in accordance with
28 Section 5.4.

29 (c) An Enterprise Zone shall be in effect for 30
30 calendar years, or for a lesser number of years specified in
31 the certified designating ordinance. Enterprise Zones shall
32 terminate at midnight of December 31 of the final calendar

1 year of the certified term, except as provided in Section
 2 5.4. ~~In Vermilion County, however, an enterprise zone shall~~
 3 ~~be in effect for 30 calendar years or for a lesser number of~~
 4 ~~years specified in the certified designating ordinance.~~ The
 5 Whiteside County/Carroll County Enterprise Zone, however,
 6 solely with respect to industrial purposes and uses, shall be
 7 in effect for 30 calendar years or for a lesser number of
 8 years specified in the certified designating ordinance.

9 (d) No more than 12 Enterprise Zones may be certified by
 10 the Department in calendar year 1984, no more than 12
 11 Enterprise Zones may be certified by the Department in
 12 calendar year 1985, no more than 13 Enterprise Zones may be
 13 certified by the Department in calendar year 1986, no more
 14 than 15 Enterprise Zones may be certified by the Department
 15 in calendar year 1987, and no more than 20 Enterprise Zones
 16 may be certified by the Department in calendar year 1990. In
 17 other calendar years, no more than 13 Enterprise Zones may be
 18 certified by the Department. The Department may also
 19 designate up to 8 additional Enterprise Zones outside the
 20 regular application cycle if warranted by the extreme
 21 economic circumstances as determined by the Department. The
 22 Department may also designate one additional Enterprise Zone
 23 outside the regular application cycle if an aircraft
 24 manufacturer agrees to locate an aircraft manufacturing
 25 facility in the proposed Enterprise Zone. The Department may
 26 also designate 12 additional Enterprise Zones outside the
 27 regular application cycle for the construction of mine-mouth
 28 power plants (coal-fired power plants sited adjacent to coal
 29 mines). The Department shall establish by rule the criteria
 30 for eligibility for certification of the 12 additional
 31 Enterprise Zones authorized by this amendatory Act of the
 32 92nd General Assembly. Notwithstanding any other provision of
 33 this Act, no more than 89 Enterprise Zones may be certified
 34 by the Department for the 10 calendar years commencing with

1 1983. The 7 additional Enterprise Zones authorized by Public
2 Act 86-15 shall not lie within municipalities or
3 unincorporated areas of counties that abut or are contiguous
4 to Enterprise Zones certified pursuant to this Section prior
5 to June 30, 1989. The 7 additional Enterprise Zones
6 (excluding the additional Enterprise Zone which may be
7 designated outside the regular application cycle) authorized
8 by Public Act 86-1030 shall not lie within municipalities or
9 unincorporated areas of counties that abut or are contiguous
10 to Enterprise Zones certified pursuant to this Section prior
11 to February 28, 1990. In any calendar year, the Department
12 may not certify more than 3 Zones located within the same
13 municipality. The Department may certify Enterprise Zones in
14 each of the 10 calendar years commencing with 1983. The
15 Department may not certify more than a total of 18 Enterprise
16 Zones located within the same county (whether within
17 municipalities or within unincorporated territory) for the 10
18 calendar years commencing with 1983. Thereafter, the
19 Department may not certify any additional Enterprise Zones,
20 but may amend and rescind certifications of existing
21 Enterprise Zones in accordance with Section 5.4.

22 (e) Notwithstanding any other provision of law, if (i)
23 the county board of any county in which a current military
24 base is located, in part or in whole, or in which a military
25 base that has been closed within 20 years of the effective
26 date of this amendatory Act of 1998 is located, in part or in
27 whole, adopts a designating ordinance in accordance with
28 Section 5 of this Act to designate the military base in that
29 county as an enterprise zone and (ii) the property otherwise
30 meets the qualifications for an enterprise zone as prescribed
31 in Section 4 of this Act, then the Department may certify the
32 designating ordinance or ordinances, as the case may be.

33 (Source: P.A. 90-657, eff. 7-30-98; 91-567, eff. 8-14-99;
34 91-937, eff. 1-11-01; revised 1-15-01.)

1 Section 910. The Illinois Development Finance Authority
2 Act is amended by changing Section 7 and adding Sections
3 7.90, 7.91, 7.92, 7.93, 7.94, 7.95, 7.96, 7.97, 7.98, and
4 7.99 as follows:

5 (20 ILCS 3505/7) (from Ch. 48, par. 850.07)

6 Sec. 7. In addition to the powers otherwise authorized
7 by law and in addition to the foregoing general corporate
8 powers, the Authority shall also have the following
9 additional specific powers to be exercised in furtherance of
10 the purposes of this Act.

11 (a) The Authority shall have power (i) to accept grants,
12 loans or appropriations from the Federal government or the
13 State, or any agency or instrumentality thereof, to be used
14 for the operating expenses of the Authority, or for any
15 purposes of the Authority, including the making of direct
16 loans of such funds with respect to projects, and (ii) to
17 enter into any agreement with the Federal government or the
18 State, or any agency or instrumentality thereof, in
19 relationship to such grants, loans or appropriations.

20 (b) The Authority shall have power to procure and enter
21 into contracts for any type of insurance and indemnity
22 agreements covering loss or damage to property from any
23 cause, including loss of use and occupancy, or covering any
24 other insurable risk.

25 (c) The Authority shall have the continuing power to
26 issue bonds for its corporate purposes including, but not
27 limited to, (i) the purpose of developing, constructing,
28 acquiring, improving or financing projects, including
29 industrial projects established by business entities locating
30 or expanding property in an Enterprise Zone created under the
31 provisions of the Illinois Enterprise Zone Act, (ii) the
32 purpose of acquiring qualified securities in an enterprise as
33 defined in this Act and entering into venture capital

1 agreements with businesses locating or expanding within an
2 Enterprise Zone, and acquiring and improving any property
3 necessary and useful in connection therewith, (iii) the
4 purposes of the Employee Ownership Assistance Act, (iv) the
5 purpose of acquiring bonds issued by units of local
6 government as provided in Sections 7.50 through 7.61 of this
7 Act, (v) for financing the costs of the production of motion
8 pictures, and (vi) with the written approval of the Governor,
9 the purpose of implementation of a financially distressed
10 city assistance program under Sections 7.80 through 7.87 of
11 this Act, and (vii) for the purpose of the implementation of
12 the loan program under Sections 7.90 through 7.99 of this
13 Act. Bonds may be issued by the Authority in one or more
14 series and may provide for the payment of any interest deemed
15 necessary on such bonds, of the costs of issuance of such
16 bonds, of any premium on any insurance, or of the cost of any
17 guarantees, letters of credit or other similar documents, may
18 provide for the funding of any reserves deemed necessary in
19 connection with such bonds, and may provide for the refunding
20 or advance refunding of any bonds or for accounts deemed
21 necessary in connection with any purpose of the Authority.
22 The bonds may bear interest payable at any time or times and
23 at any rate or rates, notwithstanding any other provision of
24 law to the contrary, and such rate or rates may be
25 established by an index or formula which may be implemented
26 or established by persons appointed or retained therefor by
27 the Authority, or may bear no interest or may bear interest
28 payable at maturity or upon redemption prior to maturity, may
29 bear such date or dates, may be payable at such time or times
30 and at such place or places, may mature at any time or times
31 not later than 40 years from the date of issuance, may be
32 sold at public or private sale at such time or times and at
33 such price or prices, may be secured by such pledges,
34 reserves, guarantees, letters of credit, insurance contracts

1 or other similar credit support or liquidity instruments, may
2 be executed in such manner, may be subject to redemption
3 prior to maturity, may provide for the registration of the
4 bonds, and may be subject to such other terms and conditions
5 all as may be provided by the resolution or indenture
6 authorizing the issuance of such bonds. The holder or
7 holders of any bonds issued by the Authority may bring suits
8 at law or proceedings in equity to compel the performance and
9 observance by any person or by the Authority or any of its
10 agents or employees of any contract or covenant made with the
11 holders of such bonds and to compel such person or the
12 Authority and any of its agents or employees to perform any
13 duties required to be performed for the benefit of the
14 holders of any such bonds by the provision of the resolution
15 authorizing their issuance, and to enjoin such person or the
16 Authority and any of its agents or employees from taking any
17 action in conflict with any such contract or covenant.

18 Notwithstanding the form and tenor of any such bonds and
19 in the absence of any express recital on the face thereof
20 that it is non-negotiable, all such bonds shall be negotiable
21 instruments. Pending the preparation and execution of any
22 such bonds, temporary bonds may be issued as provided by the
23 resolution.

24 The bonds shall be sold by the Authority in such manner
25 as it shall determine.

26 The bonds may be secured as provided in the authorizing
27 resolution by the receipts, revenues, income and other
28 available funds of the Authority by any amounts derived by
29 the Authority from the loan agreement or lease agreement with
30 respect to the project or projects. The Authority may grant
31 a specific pledge or assignment of and lien on or security
32 interest in such rights, revenues, income, or amounts and may
33 grant a specific pledge or assignment of and lien on or
34 security interest in any reserves, funds or accounts

1 established in the resolution authorizing the issuance of
2 bonds. Any such pledge, assignment, lien or security
3 interest for the benefit of the holders of the Authority's
4 bonds shall be valid and binding from the time the bonds are
5 issued without any physical delivery or further act, and
6 shall be valid and binding as against and prior to the claims
7 of all other parties having claims against the Authority or
8 any other person irrespective of whether the other parties
9 have notice of the pledge, assignment, lien or security
10 interest. As evidence of such pledge, assignment, lien and
11 security interest, the Authority may execute and deliver a
12 mortgage, trust agreement, indenture or security agreement or
13 an assignment thereof.

14 A remedy for any breach or default of the terms of any
15 such agreement by the Authority may be by mandamus
16 proceedings in any court of competent jurisdiction to compel
17 the performance and compliance therewith, but the agreement
18 may prescribe by whom or on whose behalf such action may be
19 instituted.

20 It is expressly understood that the Authority may, but
21 need not, acquire title to any project with respect to which
22 it exercises its authority.

23 (d) With respect to the powers granted by this Act, the
24 Authority may adopt rules and regulations prescribing the
25 procedures by which persons may apply for assistance under
26 this Act.

27 Nothing herein shall be deemed to preclude the Authority,
28 prior to the filing of any formal application, from
29 conducting preliminary discussions and investigations with
30 respect to the subject matter of any prospective application.

31 (e) The Authority shall have power to acquire by
32 purchase, lease, gift or otherwise any property or rights
33 therein from any person useful for its purposes, whether
34 improved for the purposes of any prospective project, or

1 unimproved. The Authority may also accept any donation of
2 funds for its purposes from any such source. The Authority
3 shall have no independent power of condemnation but may
4 acquire any property or rights therein obtained upon
5 condemnation by any other authority, governmental entity or
6 unit of local government with such power.

7 (f) The Authority shall have power to develop, construct
8 and improve either under its own direction, or through
9 collaboration with any approved applicant, or to acquire
10 through purchase or otherwise, any project, using for such
11 purpose the proceeds derived from the sale of its bonds or
12 from governmental loans or grants, and to hold title in the
13 name of the Authority to such projects.

14 (g) The Authority shall have power to lease pursuant to
15 a lease agreement any project so developed and constructed or
16 acquired to the approved tenant on such terms and conditions
17 as may be appropriate to further the purposes of this Act and
18 to maintain the credit of the Authority. Any such lease may
19 provide for either the Authority or the approved tenant to
20 assume initially, in whole or in part, the costs of
21 maintenance, repair and improvements during the leasehold
22 period. In no case, however, shall the total rentals from any
23 project during any initial leasehold period or the total loan
24 repayments to be made pursuant to any loan agreement, be less
25 than an amount necessary to return over such lease or loan
26 period (1) all costs incurred in connection with the
27 development, construction, acquisition or improvement of the
28 project and for repair, maintenance and improvements thereto
29 during the period of the lease or loan; provided, however,
30 that the rentals or loan repayments need not include costs
31 met through the use of funds other than those obtained by the
32 Authority through the issuance of its bonds or governmental
33 loans; (2) a reasonable percentage additive to be agreed upon
34 by the Authority and the borrower or tenant to cover a

1 properly allocable portion of the Authority's general
2 expenses, including, but not limited to, administrative
3 expenses, salaries and general insurance, and (3) an amount
4 sufficient to pay when due all principal of, interest and
5 premium, if any on, any bonds issued by the Authority with
6 respect to the project.

7 The portion of total rentals payable under clause (3) of
8 this subsection (g) shall be deposited in such special
9 accounts, including all sinking fund, acquisition or
10 construction funds, debt service and other funds as provided
11 by any resolution, mortgage or trust agreement of the
12 Authority pursuant to which any bond is issued.

13 (h) The Authority has the power, upon the termination of
14 any leasehold period of any project, to sell or lease for a
15 further term or terms such project on such terms and
16 conditions as the Authority shall deem reasonable and
17 consistent with the purposes of the Act. The net proceeds
18 from all such sales and the revenues or income from such
19 leases shall be used to satisfy any indebtedness of the
20 Authority with respect to such project and any balance may be
21 used to pay any expenses of the Authority or be used for the
22 further development, construction, acquisition or improvement
23 of projects.

24 In the event any project is vacated by a tenant prior to
25 the termination of the initial leasehold period, the
26 Authority shall sell or lease the facilities of the project
27 on the most advantageous terms available. The net proceeds of
28 any such disposition shall be treated in the same manner as
29 the proceeds from sales or the revenues or income from leases
30 subsequent to the termination of any initial leasehold
31 period.

32 (i) The Authority shall have the power to make loans to
33 persons to finance a project, to enter into loan agreements
34 with respect thereto, and to accept guarantees from persons

1 of its loans or the resultant evidences of obligations to the
2 Authority.

3 (j) The Authority may fix, determine, charge and collect
4 any premiums, fees, charges, costs and expenses, including,
5 without limitation, any application fees, commitment fees,
6 program fees, financing charges or publication fees from any
7 person in connection with its activities under this Act.

8 (k) In addition to the funds established as provided
9 herein, the Authority shall have the power to create and
10 establish such reserve funds and accounts as may be necessary
11 or desirable to accomplish its purposes under this Act and to
12 deposit its available monies into the funds and accounts.

13 (l) At the request of the governing body of any unit of
14 local government, the Authority is authorized to market such
15 local government's industrial revenue bond offerings by
16 preparing bond issues for sale, advertising for sealed bids,
17 receiving bids at its offices, making the award to the bidder
18 that offers the most favorable terms or arranging for
19 negotiated placements or underwritings of such securities.
20 The Authority may, at its discretion, offer for concurrent
21 sale the industrial revenue bonds of several local
22 governments. Sales by the Authority of industrial revenue
23 bonds under this Section shall in no way imply State
24 guarantee of such debt issue. The Authority may require such
25 financial information from participating local governments as
26 it deems necessary in order to carry out the purposes of this
27 subsection (l).

28 (m) The Authority may make grants to any county to which
29 Division 5-37 of the Counties Code is applicable to assist in
30 the financing of capital development, construction and
31 renovation of new or existing facilities for hospitals and
32 health care facilities under that Act. Such grants may only
33 be made from funds appropriated for such purposes from the
34 Build Illinois Bond Fund or the Build Illinois Purposes Fund.

1 (n) The Authority may establish an urban development
2 action grant program for the purpose of assisting
3 municipalities in Illinois which are experiencing severe
4 economic distress to help stimulate economic development
5 activities needed to aid in economic recovery. The Authority
6 shall determine the types of activities and projects for
7 which the urban development action grants may be used,
8 provided that such projects and activities are broadly
9 defined to include all reasonable projects and activities the
10 primary objectives of which are the development of viable
11 urban communities, including decent housing and a suitable
12 living environment, and expansion of economic opportunity,
13 principally for persons of low and moderate incomes. The
14 Authority shall enter into grant agreements from monies
15 appropriated for such purposes from the Build Illinois Bond
16 Fund or the Build Illinois Purposes Fund. The Authority shall
17 monitor the use of the grants, and shall provide for audits
18 of the funds as well as recovery by the Authority of any
19 funds determined to have been spent in violation of this
20 subsection (n) or any rule or regulation promulgated
21 hereunder. The Authority shall provide technical assistance
22 with regard to the effective use of the urban development
23 action grants. The Authority shall file an annual report to
24 the General Assembly concerning the progress of the grant
25 program.

26 (o) The Authority may establish a Housing Partnership
27 Program whereby the Authority provides zero-interest loans to
28 municipalities for the purpose of assisting in the financing
29 of projects for the rehabilitation of affordable multi-family
30 housing for low and moderate income residents. The Authority
31 may provide such loans only upon a municipality's providing
32 evidence that it has obtained private funding for the
33 rehabilitation project. The Authority shall provide 3 State
34 dollars for every 7 dollars obtained by the municipality from

1 sources other than the State of Illinois. The loans shall be
2 made from monies appropriated for such purpose from the Build
3 Illinois Bond Fund or the Build Illinois Purposes Fund. The
4 total amount of loans available under the Housing Partnership
5 Program shall not exceed \$30,000,000. State loan monies under
6 this subsection (o) shall be used only for the acquisition
7 and rehabilitation of existing buildings containing 4 or more
8 dwelling units. The terms of any loan made by the
9 municipality under this subsection shall require repayment of
10 the loan to the municipality upon any sale or other transfer
11 of the project.

12 (p) The Authority may award grants to universities and
13 research institutions, research consortiums and other
14 not-for-profit entities for the purposes of: remodeling or
15 otherwise physically altering existing laboratory or research
16 facilities, expansion or physical additions to existing
17 laboratory or research facilities, construction of new
18 laboratory or research facilities or acquisition of modern
19 equipment to support laboratory or research operations
20 provided that such grants (i) be used solely in support of
21 project and equipment acquisitions which enhance technology
22 transfer, and (ii) not constitute more than 60 percent of the
23 total project or acquisition cost.

24 (q) Grants may be awarded by the Authority to units of
25 local government for the purpose of developing the
26 appropriate infrastructure or defraying other costs to the
27 local government in support of laboratory or research
28 facilities provided that such grants may not exceed 40% of
29 the cost to the unit of local government.

30 (r) The Authority may establish a Direct Loan Program to
31 make loans to individuals, partnerships or corporations for
32 the purpose of an industrial project, as defined in Section 3
33 of this Act. For the purposes of such program and not by way
34 of limitation on any other program of the Authority, the

1 Authority shall have the power to issue bonds, notes, or
2 other evidences of indebtedness including commercial paper
3 for purposes of providing a fund of capital from which it may
4 make such loans. The Authority shall have power to use any
5 appropriations from the State made especially for the
6 Authority's Direct Loan Program for additional capital to
7 make such loans or for the purposes of reserve funds or
8 pledged funds which secure the Authority's obligations of
9 repayment of any bond, note or other form of indebtedness
10 established for the purpose of providing capital for which it
11 intends to make such loans under the Direct Loan Program.
12 For the purpose of obtaining such capital, the Authority may
13 also enter into agreements with financial institutions and
14 other persons for the purpose of selling loans and developing
15 a secondary market for such loans.

16 Loans made under the Direct Loan Program may be in an
17 amount not to exceed \$300,000 and shall be made for a portion
18 of an industrial project which does not exceed 50% of the
19 total project. No loan may be made by the Authority unless
20 approved by the affirmative vote of at least 8 members of the
21 board. The Authority shall establish procedures and publish
22 rules which shall provide for the submission, review, and
23 analysis of each direct loan application and which shall
24 preserve the ability of each board member to reach an
25 individual business judgment regarding the propriety of
26 making each direct loan. The collective discretion of the
27 board to approve or disapprove each loan shall be
28 unencumbered.

29 The Authority may establish and collect such fees and
30 charges, determine and enforce such terms and conditions, and
31 charge such interest rates as it determines to be necessary
32 and appropriate to the successful administration of the
33 Direct Loan Program. The Authority may require such
34 interests in collateral and such guarantees as it determines

1 are necessary to protect the Authority's interest in the
2 repayment of the principal and interest of each loan made
3 under the Direct Loan Program.

4 (s) The Authority may guarantee private loans to third
5 parties up to a specified dollar amount in order to promote
6 economic development in this State.

7 (t) The Authority may adopt rules and regulations as may
8 be necessary or advisable to implement the powers conferred
9 by this Act.

10 (u) In addition to any other bonds authorized by this
11 Act, the Authority shall have the power to issue up to
12 \$20,000,000 in bonds, notes or other evidences of
13 indebtedness, which may be used to make loans to units of
14 local government which are authorized to enter into loan
15 agreements and other documents and to issue bonds, notes and
16 other evidences of indebtedness for the purpose of financing
17 the protection of storm sewer outfalls, the construction of
18 adequate storm sewer outfalls, and the provision for flood
19 protection of sanitary sewage treatment plants, in counties
20 that have established a stormwater management planning
21 committee in accordance with Section 5-1062 of the Counties
22 Code. Any such loan shall be made by the Authority pursuant
23 to the provisions of Sections 7.50 to 7.61 of this Act. The
24 unit of local government shall pay back to the Authority the
25 principal amount of the loan, plus annual interest as
26 determined by the Authority. The Authority shall have the
27 power, subject to appropriations by the General Assembly, to
28 subsidize or buy down a portion of the interest on such
29 loans, up to 4% per annum.

30 (v) The Authority may accept security interests as
31 provided in Sections 11-3 and 11-3.3 of the Illinois Public
32 Aid Code.

33 (w) The Authority may enter into agreements or
34 arrangements with Federal or State agencies to carry out the

1 purposes of this Act.

2 (x) The Authority may use any funds in its possession
3 remaining unexpended from the funds appropriated to the
4 Authority under Section 93 of Public Act 84-1108 as follows:

5 (1) to make a \$1,000,000 ten-year, no-interest loan to the
6 Illinois Facilities Fund to assist in the development of
7 low-interest loans to nonprofit organizations; and (2) if and
8 only if the loan described in item (1) has been made, for any
9 of its general corporate purposes.

10 (Source: P.A. 90-587, eff. 7-1-98.)

11 (20 ILCS 3505/7.90 new)

12 Sec. 7.90. Findings and declaration of policy. It is
13 found and declared that Illinois has abundant coal resources.
14 At the same time, in the Chicago-area, at times, the demand
15 for power exceeds the generating capacity. Incentives to
16 encourage the construction of coal-fired electric generating
17 plants in Illinois to ensure power generating capacity into
18 the future are in the best interests of all of the citizens
19 of Illinois. The Authority is authorized, as provided in
20 Sections 7.90 through 7.99, to issue bonds to help fund the
21 construction of mine-mouth power plants in Illinois and for
22 the construction of related power transmission lines, as
23 determined under Section 605-331 of the Department of
24 Commerce and Community Affairs Law of the Civil
25 Administrative Code of Illinois. The provisions of this
26 amendatory Act of the 92nd General Assembly are declared to
27 be in the public interest and benefit and a valid public
28 purpose.

29 (20 ILCS 3505/7.91 new)

30 Sec. 7.91. Definition. For the purposes of Sections
31 7.90 through 7.99, "mine-mouth power plant" means a
32 coal-fired power plant sited adjacent to a coal mine.

(20 ILCS 3505/7.92 new)

Sec. 7.92. Creation of reserve funds. The Authority may establish and maintain one or more reserve funds in which there may be one or more accounts in which there may be deposited:

(a) any proceeds of bonds issued by the Authority required to be deposited therein by the terms of any contract between the Authority and its bondholders or any resolution of the Authority;

(b) any other moneys or funds of the Authority that it may determine to deposit therein from any other source; and

(c) any other moneys or funds made available to the Authority. Subject to the terms of any pledge to the owners of any bonds, moneys in any reserve fund may be held and applied to the payment of the interest, premium, if any, or principal of bonds or for any other purpose authorized by the Authority.

(20 ILCS 3505/7.93 new)

Sec. 7.93. Powers and duties. The Authority has the power:

(a) To issue bonds in one or more series pursuant to one or more resolutions of the Authority for any purpose authorized under Sections 7.90 through 7.99 of this Act.

(b) To provide for the funding of any reserves or other funds or accounts deemed necessary by the Authority in connection with any bonds issued by the Authority.

(c) To pledge any funds of the Authority or funds made available to the Authority that may be applied to such purpose as security for any bonds or any guarantees, letters of credit, insurance contracts, or similar credit support or liquidity instruments securing the bonds.

(d) To enter into agreements or contracts with third parties, whether public or private, including without

1 limitation the United States of America, the State, or any
2 department or agency thereof, to obtain any appropriations,
3 grants, loans, or guarantees that are deemed necessary or
4 desirable by the Authority. Any such guarantee, agreement,
5 or contract may contain terms and provisions necessary or
6 desirable in connection with the program, subject to the
7 requirements established by Sections 7.90 through 7.99 of
8 this Act.

9 (e) To exercise such other powers as are necessary or
10 incidental to the foregoing.

11 (20 ILCS 3505/7.94 new)

12 Sec. 7.94. Mine-mouth power plant and transmission line
13 bond authorization limits. In addition to any other bonds
14 authorized to be issued under this Act, the Authority may
15 have outstanding, at any time, bonds for the purposes
16 enumerated in Sections 7.90 through 7.99 in an aggregate
17 principal amount that shall not exceed \$2,035,000,000,
18 \$1,770,000,000 of which is dedicated to the construction of
19 mine-mouth power plants and \$265,000,000 of which is
20 dedicated to the construction of related power transmission
21 lines. An application for a loan financed from bond proceeds
22 from a company for the construction of a mine-mouth power
23 plant may not be approved for an amount in excess of
24 \$450,000,000 for any one company.

25 These bonds shall not constitute an indebtedness or
26 obligation of the State of Illinois and it shall be plainly
27 stated on the face of each bond that it does not constitute
28 an indebtedness or obligation of the State of Illinois but is
29 payable solely from the revenues, income, or other assets of
30 the Authority pledged therefor.

31 (20 ILCS 3505/7.95 new)

32 Sec. 7.95. Criteria for participation in the program.

1 If the Authority requires an application for participation in
2 the loan program, upon submission of any such application,
3 the Authority or any entity on behalf of the Authority shall
4 review such application for its completeness and may, at its
5 discretion, accept or reject such application or request such
6 additional information as it deems necessary or advisable to
7 aid its review. The terms and conditions of the loans,
8 including interest rates, shall be determined by the
9 Authority by rule. The repayment of the loans may be paid
10 only from company profits and may not be paid by electricity
11 customers.

12 (20 ILCS 3505/7.96 new)

13 Sec. 7.96. Investment of moneys. Any moneys at any time
14 held by the Authority pursuant to Sections 7.90 through 7.99
15 of this Act shall be held outside the State treasury in the
16 custody of either the Treasurer of the Authority or a trustee
17 or depository appointed by the Authority. Such moneys may be
18 invested in (a) investments authorized in the Public Funds
19 Investment Act, (b) obligations issued by any State, unit of
20 local government, or school district, which obligations are
21 rated at the time of purchase by a national rating service
22 within the 2 highest rating classifications without
23 regard to any rating refinement or gradation by numerical or
24 other modifier, or (c) equity securities of an investment
25 company registered under the Investment Company Act of 1940
26 whose sole assets, other than cash and other temporary
27 investments, are obligations that are eligible investments
28 for the Authority. The interest, dividends, or other earnings
29 from these investments may be used to pay administrative
30 costs of the Authority incurred in administering the
31 program or trustee or depository fees incurred in connection
32 with the program.

1 (20 ILCS 3505/7.97 new)

2 Sec. 7.97. Pledge of revenues by the Authority. Any
3 pledge of revenues or other moneys made by the Authority
4 shall be binding from the time the pledge is made. Revenues
5 and other moneys so pledged shall be held outside of the
6 State Treasury and in the custody of either the Treasurer of
7 the Authority or a trustee or a depository appointed by the
8 Authority. Revenues or other moneys so pledged and thereafter
9 received by the Authority or such trustee or depository shall
10 immediately be subject to the lien of the pledge without any
11 physical delivery thereof or further act, and the lien of any
12 pledge shall be binding against all parties having claims of
13 any kind in tort, contract or otherwise against the
14 Authority, irrespective of whether the parties have notice
15 thereof. Neither the resolution nor any other instrument by
16 which a pledge is created need be filed or recorded except in
17 the records of the Authority.

18 (20 ILCS 3505/7.98 new)

19 Sec. 7.98. Tax exemption. The exercise of the powers
20 granted in Sections 7.90 through 7.99 of this Act are in all
21 respects for the benefit of the people of Illinois and in
22 consideration thereof the bonds issued pursuant to the those
23 Sections and the income therefrom shall be free from all
24 taxation by the State or its political subdivisions, except
25 for estate, transfer, and inheritance taxes. For purposes of
26 Section 250 of the Illinois Income Tax Act, the exemption of
27 the income from bonds issued under the those Sections shall
28 terminate after all of the bonds have been paid. The amount
29 of such income that shall be added and then subtracted on the
30 Illinois income tax return of a taxpayer, pursuant to
31 Section 203 of the Illinois Income Tax Act, from federal
32 adjusted gross income or federal taxable income in
33 computing Illinois base income shall be the interest net of

1 any bond premium amortization.

2 (20 ILCS 3505/7.99 new)

3 Sec. 7.99. Eligible investments. Bonds, issued by the
4 Authority pursuant to the provisions of Sections 7.90 through
5 7.99 of this Act, shall be permissible investments within the
6 provisions of Section 12 of this Act.

7 Section 915. The Illinois Income Tax Act is amended by
8 adding Section 213 as follows:

9 (35 ILCS 5/213 new)

10 Sec. 213. Mine-mouth operator tax credit. For taxable
11 years ending on or after December 31, 2001, each taxpayer who
12 operates a mine-mouth power plant is entitled to a credit
13 against the tax imposed by subsections (a) and (b) of Section
14 201 in the amount of 1% of the taxes owed under this Act by
15 the taxpayer for the taxable year for the first 3 taxable
16 years of operation of the plant. For taxable years ending on
17 or after December 31, 2001, each corporate taxpayer who
18 operates a mine-mouth power plant is entitled to a credit
19 against the tax imposed by subsections (a) and (b) of Section
20 201 in the amount of 1/2% of the taxes owed under this Act by
21 the taxpayer for the taxable year for the fourth and fifth
22 taxable years of operation of the plant. For purposes of this
23 Section, "mine-mouth power plant" means a coal-fired power
24 plant sited adjacent to a coal mine. This Section is exempt
25 from the provisions of Section 250.

26 Section 920. The Use Tax Act is amended by changing
27 Section 3-5 as follows:

28 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

29 Sec. 3-5. Exemptions. Use of the following tangible

1 personal property is exempt from the tax imposed by this Act:

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

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

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

23 (4) Personal property purchased by a governmental body,
24 by a corporation, society, association, foundation, or
25 institution organized and operated exclusively for
26 charitable, religious, or educational purposes, or by a
27 not-for-profit corporation, society, association, foundation,
28 institution, or organization that has no compensated officers
29 or employees and that is organized and operated primarily for
30 the recreation of persons 55 years of age or older. A limited
31 liability company may qualify for the exemption under this
32 paragraph only if the limited liability company is organized
33 and operated exclusively for educational purposes. On and
34 after July 1, 1987, however, no entity otherwise eligible for

1 this exemption shall make tax-free purchases unless it has an
2 active exemption identification number issued by the
3 Department.

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

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

13 (7) Farm chemicals.

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

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

21 (10) A motor vehicle of the first division, a motor
22 vehicle of the second division that is a self-contained motor
23 vehicle designed or permanently converted to provide living
24 quarters for recreational, camping, or travel use, with
25 direct walk through to the living quarters from the driver's
26 seat, or a motor vehicle of the second division that is of
27 the van configuration designed for the transportation of not
28 less than 7 nor more than 16 passengers, as defined in
29 Section 1-146 of the Illinois Vehicle Code, that is used for
30 automobile renting, as defined in the Automobile Renting
31 Occupation and Use Tax Act.

32 (11) Farm machinery and equipment, both new and used,
33 including that manufactured on special order, certified by
34 the purchaser to be used primarily for production agriculture

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

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

25 Farm machinery and equipment also includes computers,
26 sensors, software, and related equipment used primarily in
27 the computer-assisted operation of production agriculture
28 facilities, equipment, and activities such as, but not
29 limited to, the collection, monitoring, and correlation of
30 animal and crop data for the purpose of formulating animal
31 diets and agricultural chemicals. This item (11) is exempt
32 from the provisions of Section 3-90.

33 (12) Fuel and petroleum products sold to or used by an
34 air common carrier, certified by the carrier to be used for

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

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

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

23 (15) Photoprocessing machinery and equipment, including
24 repair and replacement parts, both new and used, including
25 that manufactured on special order, certified by the
26 purchaser to be used primarily for photoprocessing, and
27 including photoprocessing machinery and equipment purchased
28 for lease.

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

34 (17) Distillation machinery and equipment, sold as a

1 unit or kit, assembled or installed by the retailer,
2 certified by the user to be used only for the production of
3 ethyl alcohol that will be used for consumption as motor fuel
4 or as a component of motor fuel for the personal use of the
5 user, and not subject to sale or resale.

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

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

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

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

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

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

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

1 a lessor improperly collects any such amount from the lessee,
2 the lessee shall have a legal right to claim a refund of that
3 amount from the lessor. If, however, that amount is not
4 refunded to the lessee for any reason, the lessor is liable
5 to pay that amount to the Department.

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

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

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

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

20 (28) Beginning January 1, 2000, personal property,
21 including food, purchased through fundraising events for the
22 benefit of a public or private elementary or secondary
23 school, a group of those schools, or one or more school
24 districts if the events are sponsored by an entity recognized
25 by the school district that consists primarily of volunteers
26 and includes parents and teachers of the school children.
27 This paragraph does not apply to fundraising events (i) for
28 the benefit of private home instruction or (ii) for which the
29 fundraising entity purchases the personal property sold at
30 the events from another individual or entity that sold the
31 property for the purpose of resale by the fundraising entity
32 and that profits from the sale to the fundraising entity.
33 This paragraph is exempt from the provisions of Section 3-90.

34 (29) Beginning January 1, 2000, new or used automatic

1 vending machines that prepare and serve hot food and
2 beverages, including coffee, soup, and other items, and
3 replacement parts for these machines. This paragraph is
4 exempt from the provisions of Section 3-90.

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

15 (31) Beginning on January 1, 2002, production related
16 tangible personal property and machinery and equipment,
17 including repair and replacement parts, both new and used,
18 and including those items manufactured on special order or
19 purchased for lease, certified by the purchaser to be
20 essential to and used in the integrated process of the
21 construction of a mine-mouth power plant and related power
22 transmission lines, as determined under Section 605-331 of
23 the Department of Commerce and Community Affairs Law of the
24 Civil Administrative Code of Illinois. For purpose of this
25 Section, "mine-mouth power plant" means a coal-fired power
26 plant sited adjacent to a coal mine.

27 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
28 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
29 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,
30 eff. 8-20-99; 91-901, eff. 1-1-01.)

31 Section 925. The Service Use Tax Act is amended by
32 changing Section 3-5 as follows:

1 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

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

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

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

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

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

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

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

30 Farm machinery and equipment also includes computers,
31 sensors, software, and related equipment used primarily in
32 the computer-assisted operation of production agriculture
33 facilities, equipment, and activities such as, but not
34 limited to, the collection, monitoring, and correlation of

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

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

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

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

29 (11) Proceeds from the sale of photoprocessing machinery
30 and equipment, including repair and replacement parts, both
31 new and used, including that manufactured on special order,
32 certified by the purchaser to be used primarily for
33 photoprocessing, and including photoprocessing machinery and
34 equipment purchased for lease.

1 (12) Coal exploration, mining, offhighway hauling,
2 processing, maintenance, and reclamation equipment, including
3 replacement parts and equipment, and including equipment
4 purchased for lease, but excluding motor vehicles required to
5 be registered under the Illinois Vehicle Code.

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

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

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

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

3 (16) 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
6 to the tax imposed by this Act, to a governmental body that
7 has been issued an active tax exemption identification number
8 by the Department under Section 1g of the Retailers'
9 Occupation Tax Act. If the property is leased in a manner
10 that does not qualify for this exemption or is used in any
11 other non-exempt manner, the lessor shall be liable for the
12 tax imposed under this Act or the 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
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 Use Tax Act, as the case may be, if the tax has
18 not been paid by the lessor. If a lessor improperly collects
19 any such amount from the lessee, the lessee shall have a
20 legal right to claim a refund of that amount from the lessor.
21 If, however, that amount is not refunded to the lessee for
22 any reason, the lessor is liable to pay that amount to the
23 Department.

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

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

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

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

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

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

4 (21) ~~(20)~~ Beginning January 1, 2000, personal property,
5 including food, purchased through fundraising events for the
6 benefit of a public or private elementary or secondary
7 school, a group of those schools, or one or more school
8 districts if the events are sponsored by an entity recognized
9 by the school district that consists primarily of volunteers
10 and includes parents and teachers of the school children.
11 This paragraph does not apply to fundraising events (i) for
12 the benefit of private home instruction or (ii) for which the
13 fundraising entity purchases the personal property sold at
14 the events from another individual or entity that sold the
15 property for the purpose of resale by the fundraising entity
16 and that profits from the sale to the fundraising entity.
17 This paragraph is exempt from the provisions of Section 3-75.

18 (22) ~~(19)~~ Beginning January 1, 2000, new or used
19 automatic vending machines that prepare and serve hot food
20 and beverages, including coffee, soup, and other items, and
21 replacement parts for these machines. This paragraph is
22 exempt from the provisions of Section 3-75.

23 (23) Beginning on January 1, 2002, production related
24 tangible personal property and machinery and equipment,
25 including repair and replacement parts, both new and used,
26 and including those items manufactured on special order or
27 purchased for lease, certified by the purchaser to be
28 essential to and used in the integrated process of the
29 construction of a mine-mouth power plant and related power
30 transmission lines, as determined under Section 605-331 of
31 the Department of Commerce and Community Affairs Law of the
32 Civil Administrative Code of Illinois. For purpose of this
33 Section, "mine-mouth power plant" means a coal-fired power
34 plant sited adjacent to a coal mine.

1 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
2 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
3 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,
4 eff. 8-20-99; revised 9-29-99.)

5 Section 930. The Service Occupation Tax Act is amended
6 by changing Section 3-5 as follows:

7 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

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

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

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

31 (4) Legal tender, currency, medallions, or gold or
32 silver coinage issued by the State of Illinois, the

1 government of the United States of America, or the government
2 of any foreign country, and bullion.

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

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

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

30 Farm machinery and equipment shall include precision
31 farming equipment that is installed or purchased to be
32 installed on farm machinery and equipment including, but not
33 limited to, tractors, harvesters, sprayers, planters,
34 seeders, or spreaders. Precision farming equipment includes,

1 but is not limited to, soil testing sensors, computers,
2 monitors, software, global positioning and mapping systems,
3 and other such equipment.

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

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

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

27 (10) Oil field exploration, drilling, and production
28 equipment, including (i) rigs and parts of rigs, rotary rigs,
29 cable tool rigs, and workover rigs, (ii) pipe and tubular
30 goods, including casing and drill strings, (iii) pumps and
31 pump-jack units, (iv) storage tanks and flow lines, (v) any
32 individual replacement part for oil field exploration,
33 drilling, and production equipment, and (vi) machinery and
34 equipment purchased for lease; but excluding motor vehicles

1 required to be registered under the Illinois 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
5 purchaser to be used primarily for photoprocessing, and
6 including photoprocessing machinery and equipment purchased
7 for lease.

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

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

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

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

31 (16) Computers and communications equipment utilized for
32 any hospital purpose and equipment used in the diagnosis,
33 analysis, or treatment of hospital patients sold to a lessor
34 who leases the equipment, under a lease of one year or longer

1 executed or in effect at the time of the purchase, to a
2 hospital that has been issued an active tax exemption
3 identification number by the Department under Section 1g of
4 the Retailers' Occupation Tax Act.

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

11 (18) 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
15 declared disaster area in Illinois or bordering Illinois by a
16 manufacturer or retailer that is registered in this State to
17 a corporation, society, association, foundation, or
18 institution that has been issued a sales tax exemption
19 identification number by the Department that assists victims
20 of the disaster who reside within the declared disaster area.

21 (19) 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,
27 water and sewer line extensions, water distribution and
28 purification facilities, storm water drainage and retention
29 facilities, and sewage treatment facilities, resulting from a
30 State or federally declared disaster in Illinois or bordering
31 Illinois when such repairs are initiated on facilities
32 located in the declared disaster area within 6 months after
33 the disaster.

34 (20) Beginning July 1, 1999, game or game birds sold at

1 a "game breeding and hunting preserve area" or an "exotic
2 game hunting area" as those terms are used in the Wildlife
3 Code or at a hunting enclosure approved through rules adopted
4 by the Department of Natural Resources. This paragraph is
5 exempt from the provisions of Section 3-55.

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

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

1 the events from another individual or entity that sold the
 2 property for the purpose of resale by the fundraising entity
 3 and that profits from the sale to the fundraising entity.
 4 This paragraph is exempt from the provisions of Section 3-55.

5 (23) (20) Beginning January 1, 2000, new or used
 6 automatic vending machines that prepare and serve hot food
 7 and beverages, including coffee, soup, and other items, and
 8 replacement parts for these machines. This paragraph is
 9 exempt from the provisions of Section 3-55.

10 (24) Beginning on January 1, 2002, production related
 11 tangible personal property and machinery and equipment,
 12 including repair and replacement parts, both new and used,
 13 and including those items manufactured on special order or
 14 purchased for lease, certified by the purchaser to be
 15 essential to and used in the integrated process of the
 16 construction of a mine-mouth power plant and related power
 17 transmission lines, as determined under Section 605-331 of
 18 the Department of Commerce and Community Affairs Law of the
 19 Civil Administrative Code of Illinois. For purpose of this
 20 Section, "mine-mouth power plant" means a coal-fired power
 21 plant sited adjacent to a coal mine.

22 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
 23 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
 24 7-20-99; 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637,
 25 eff. 8-20-99; 91-644, eff. 8-20-99; revised 9-29-99.)

26 Section 935. The Retailers' Occupation Tax Act is
 27 amended by changing Section 2-5 as follows:

28 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

- 32 (1) Farm chemicals.

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

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

28 Farm machinery and equipment also includes computers,
29 sensors, software, and related equipment used primarily in
30 the computer-assisted operation of production agriculture
31 facilities, equipment, and activities such as, but not
32 limited to, the collection, monitoring, and correlation of
33 animal and crop data for the purpose of formulating animal
34 diets and agricultural chemicals. This item (7) is exempt

1 from the provisions of Section 2-70.

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

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

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

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

27 (7) Proceeds of that portion of the selling price of a
28 passenger car the sale of which is subject to the Replacement
29 Vehicle Tax.

30 (8) Personal property sold to an Illinois county fair
31 association for use in conducting, operating, or promoting
32 the county fair.

33 (9) Personal property sold to a not-for-profit arts or
34 cultural organization that establishes, by proof required by

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

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

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

31 (12) Personal property sold to interstate carriers for
32 hire for use as rolling stock moving in interstate commerce
33 or to lessors under leases of one year or longer executed or
34 in effect at the time of purchase by interstate carriers for

1 hire for use as rolling stock moving in interstate commerce
2 and equipment operated by a telecommunications provider,
3 licensed as a common carrier by the Federal Communications
4 Commission, which is permanently installed in or affixed to
5 aircraft moving in interstate commerce.

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

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

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

34 (16) Petroleum products sold to a purchaser if the

1 seller is prohibited by federal law from charging tax to the
2 purchaser.

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

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

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

24 (20) Photoprocessing machinery and equipment, including
25 repair and replacement parts, both new and used, including
26 that manufactured on special order, certified by the
27 purchaser to be used primarily for photoprocessing, and
28 including photoprocessing machinery and equipment purchased
29 for lease.

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

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

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

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

18 (25) A motor vehicle sold in this State to a nonresident
19 even though the motor vehicle is delivered to the nonresident
20 in this State, if the motor vehicle is not to be titled in
21 this State, and if a driveaway decal permit is issued to the
22 motor vehicle as provided in Section 3-603 of the Illinois
23 Vehicle Code or if the nonresident purchaser has vehicle
24 registration plates to transfer to the motor vehicle upon
25 returning to his or her home state. The issuance of the
26 driveaway decal permit or having the out-of-state
27 registration plates to be transferred is prima facie evidence
28 that the motor vehicle will not be titled in this State.

29 (26) Semen used for artificial insemination of livestock
30 for direct agricultural production.

31 (27) Horses, or interests in horses, registered with and
32 meeting the requirements of any of the Arabian Horse Club
33 Registry of America, Appaloosa Horse Club, American Quarter
34 Horse Association, United States Trotting Association, or

1 Jockey Club, as appropriate, used for purposes of breeding or
2 racing for prizes.

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

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

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

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

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

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

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

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

1 by the school district that consists primarily of volunteers
 2 and includes parents and teachers of the school children.
 3 This paragraph does not apply to fundraising events (i) for
 4 the benefit of private home instruction or (ii) for which the
 5 fundraising entity purchases the personal property sold at
 6 the events from another individual or entity that sold the
 7 property for the purpose of resale by the fundraising entity
 8 and that profits from the sale to the fundraising entity.
 9 This paragraph is exempt from the provisions of Section 2-70.

10 (35) ~~(32)~~ Beginning January 1, 2000, new or used
 11 automatic vending machines that prepare and serve hot food
 12 and beverages, including coffee, soup, and other items, and
 13 replacement parts for these machines. This paragraph is
 14 exempt from the provisions of Section 2-70.

15 (36) Beginning on January 1, 2002, production related
 16 tangible personal property and machinery and equipment,
 17 including repair and replacement parts, both new and used,
 18 and including those items manufactured on special order or
 19 purchased for lease, certified by the purchaser to be
 20 essential to and used in the integrated process of the
 21 construction of a mine-mouth power plant and related power
 22 transmission lines, as determined under Section 605-331 of
 23 the Department of Commerce and Community Affairs Law of the
 24 Civil Administrative Code of Illinois. For purpose of this
 25 Section, "mine-mouth power plant" means a coal-fired power
 26 plant sited adjacent to a coal mine.

27 (Source: P.A. 90-14, eff. 7-1-97; 90-519, eff. 6-1-98;
 28 90-552, eff. 12-12-97; 90-605, eff. 6-30-98; 91-51, eff.
 29 6-30-99; 91-200, eff. 7-20-99; 91-439, eff. 8-6-99; 91-533,
 30 eff. 8-13-99; 91-637, eff. 8-20-99; 91-644, eff. 8-20-99;
 31 revised 9-28-99.)

32 Section 940. The Property Tax Code is amended by adding
 33 Section 15-72 as follows:

1 (35 ILCS 200/15-72 new)

2 Sec. 15-72. Exemption for mine-mouth power plants and
3 related transmission lines. All property used exclusively to
4 operate a mine-mouth power plant is exempt. For 10 years
5 following the completion of construction, all property on
6 which related power transmission lines, as determined under
7 Section 605-331 of the Department of Commerce and Community
8 Affairs Law of the Civil Administrative Code of Illinois, are
9 sited is exempt. For purposes of this Section, "mine-mouth
10 power plant" means a coal-fired power plant sited adjacent to
11 a coal mine.

12 Section 945. The Public Utilities Act is amended by
13 changing Section 2-202 as follows:

14 (220 ILCS 5/2-202) (from Ch. 111 2/3, par. 2-202)

15 Sec. 2-202. (a) It is declared to be the public policy of
16 this State that in order to maintain and foster the effective
17 regulation of public utilities under this Act in the
18 interests of the People of the State of Illinois and the
19 public utilities as well, the public utilities subject to
20 regulation under this Act and which enjoy the privilege of
21 operating as public utilities in this State, shall bear the
22 expense of administering this Act by means of a tax on such
23 privilege measured by the annual gross revenue of such public
24 utilities in the manner provided in this Section. For
25 purposes of this Section, "expense of administering this Act"
26 includes any costs incident to studies, whether made by the
27 Commission or under contract entered into by the Commission,
28 concerning environmental pollution problems caused or
29 contributed to by public utilities and the means for
30 eliminating or abating those problems. Such proceeds shall be
31 deposited in the Public Utility Fund in the State treasury.

32 (b) All of the ordinary and contingent expenses of the

1 Commission incident to the administration of this Act shall
2 be paid out of the Public Utility Fund except the
3 compensation of the members of the Commission which shall be
4 paid from the General Revenue Fund. Notwithstanding other
5 provisions of this Act to the contrary, the ordinary and
6 contingent expenses of the Commission incident to the
7 administration of the Illinois Commercial Transportation Law
8 may be paid from appropriations from the Public Utility Fund
9 through the end of fiscal year 1986.

10 (c) A tax is imposed upon each public utility subject to
11 the provisions of this Act equal to .08% of its gross revenue
12 for each calendar year commencing with the calendar year
13 beginning January 1, 1982, except that the Commission may, by
14 rule, establish a different rate no greater than 0.1%. For
15 purposes of this Section, "gross revenue" shall not include
16 revenue from the production, transmission, distribution,
17 sale, delivery, or furnishing of electricity. "Gross revenue"
18 shall not include amounts paid by telecommunications
19 retailers under the Telecommunications Municipal
20 Infrastructure Maintenance Fee Act.

21 (d) Annual gross revenue returns shall be filed in
22 accordance with paragraph (1) or (2) of this subsection (d).

23 (1) Except as provided in paragraph (2) of this
24 subsection (d), on or before January 10 of each year each
25 public utility subject to the provisions of this Act
26 shall file with the Commission an estimated annual gross
27 revenue return containing an estimate of the amount of
28 its gross revenue for the calendar year commencing
29 January 1 of said year and a statement of the amount of
30 tax due for said calendar year on the basis of that
31 estimate. Public utilities may also file revised returns
32 containing updated estimates and updated amounts of tax
33 due during the calendar year. These revised returns, if
34 filed, shall form the basis for quarterly payments due

1 during the remainder of the calendar year. In addition,
2 on or before February 15 of each year, each public
3 utility shall file an amended return showing the actual
4 amount of gross revenues shown by the company's books and
5 records as of December 31 of the previous year. Forms and
6 instructions for such estimated, revised, and amended
7 returns shall be devised and supplied by the Commission.

8 (2) Beginning January 1, 1993, the requirements of
9 paragraph (1) of this subsection (d) shall not apply to
10 any public utility in any calendar year for which the
11 total tax the public utility owes under this Section is
12 less than \$1,000. For such public utilities with respect
13 to such years, the public utility shall file with the
14 Commission, on or before January 31 of the following
15 year, an annual gross revenue return for the year and a
16 statement of the amount of tax due for that year on the
17 basis of such a return. Forms and instructions for such
18 returns and corrected returns shall be devised and
19 supplied by the Commission.

20 (e) All returns submitted to the Commission by a public
21 utility as provided in this subsection (e) or subsection (d)
22 of this Section shall contain or be verified by a written
23 declaration by an appropriate officer of the public utility
24 that the return is made under the penalties of perjury. The
25 Commission may audit each such return submitted and may,
26 under the provisions of Section 5-101 of this Act, take such
27 measures as are necessary to ascertain the correctness of the
28 returns submitted. The Commission has the power to direct the
29 filing of a corrected return by any utility which has filed
30 an incorrect return and to direct the filing of a return by
31 any utility which has failed to submit a return. A
32 taxpayer's signing a fraudulent return under this Section is
33 perjury, as defined in Section 32-2 of the Criminal Code of
34 1961.

1 (f) (1) For all public utilities subject to paragraph
2 (1) of subsection (d), at least one quarter of the annual
3 amount of tax due under subsection (c) shall be paid to the
4 Commission on or before the tenth day of January, April,
5 July, and October of the calendar year subject to tax. In
6 the event that an adjustment in the amount of tax due should
7 be necessary as a result of the filing of an amended or
8 corrected return under subsection (d) or subsection (e) of
9 this Section, the amount of any deficiency shall be paid by
10 the public utility together with the amended or corrected
11 return and the amount of any excess shall, after the filing
12 of a claim for credit by the public utility, be returned to
13 the public utility in the form of a credit memorandum in the
14 amount of such excess or be refunded to the public utility in
15 accordance with the provisions of subsection (k) of this
16 Section. However, if such deficiency or excess is less than
17 \$1, then the public utility need not pay the deficiency and
18 may not claim a credit.

19 (2) Any public utility subject to paragraph (2) of
20 subsection (d) shall pay the amount of tax due under
21 subsection (c) on or before January 31 next following the end
22 of the calendar year subject to tax. In the event that an
23 adjustment in the amount of tax due should be necessary as a
24 result of the filing of a corrected return under subsection
25 (e), the amount of any deficiency shall be paid by the public
26 utility at the time the corrected return is filed. Any excess
27 tax payment by the public utility shall be returned to it
28 after the filing of a claim for credit, in the form of a
29 credit memorandum in the amount of the excess. However, if
30 such deficiency or excess is less than \$1, the public utility
31 need not pay the deficiency and may not claim a credit.

32 (g) Each installment or required payment of the tax
33 imposed by subsection (c) becomes delinquent at midnight of
34 the date that it is due. Failure to make a payment as

1 required by this Section shall result in the imposition of a
2 late payment penalty, an underestimation penalty, or both, as
3 provided by this subsection. The late payment penalty shall
4 be the greater of:

5 (1) \$25 for each month or portion of a month that
6 the installment or required payment is unpaid or

7 (2) an amount equal to the difference between what
8 should have been paid on the due date, based upon the
9 most recently filed estimate, and what was actually paid,
10 times 1%, for each month or portion of a month that the
11 installment or required payment goes unpaid. This
12 penalty may be assessed as soon as the installment or
13 required payment becomes delinquent.

14 The underestimation penalty shall apply to those public
15 utilities subject to paragraph (1) of subsection (d) and
16 shall be calculated after the filing of the amended return.
17 It shall be imposed if the amount actually paid on any of the
18 dates specified in subsection (f) is not equal to at least
19 one-fourth of the amount actually due for the year, and shall
20 equal the greater of:

21 (1) \$25 for each month or portion of a month that
22 the amount due is unpaid or

23 (2) an amount equal to the difference between what
24 should have been paid, based on the amended return, and
25 what was actually paid as of the date specified in
26 subsection (f), times a percentage equal to 1/12 of the
27 sum of 10% and the percentage most recently established
28 by the Commission for interest to be paid on customer
29 deposits under 83 Ill. Adm. Code 280.70(e)(1), for each
30 month or portion of a month that the amount due goes
31 unpaid, except that no underestimation penalty shall be
32 assessed if the amount actually paid on each of the dates
33 specified in subsection (f) was based on an estimate of
34 gross revenues at least equal to the actual gross

1 revenues for the previous year. The Commission may
2 enforce the collection of any delinquent installment or
3 payment, or portion thereof by legal action or in any
4 other manner by which the collection of debts due the
5 State of Illinois may be enforced under the laws of this
6 State. The executive director or his designee may excuse
7 the payment of an assessed penalty if he determines that
8 enforced collection of the penalty would be unjust.

9 (h) All sums collected by the Commission under the
10 provisions of this Section shall be paid promptly after the
11 receipt of the same, accompanied by a detailed statement
12 thereof, into the Public Utility Fund in the State treasury.

13 (i) During the month of October of each odd-numbered
14 year the Commission shall:

15 (1) determine the amount of all moneys deposited in
16 the Public Utility Fund during the preceding fiscal
17 biennium plus the balance, if any, in that fund at the
18 beginning of that biennium;

19 (2) determine the sum total of the following items:
20 (A) all moneys expended or obligated against
21 appropriations made from the Public Utility Fund during
22 the preceding fiscal biennium, plus (B) the sum of the
23 credit memoranda then outstanding against the Public
24 Utility Fund, if any; and

25 (3) determine the amount, if any, by which the sum
26 determined as provided in item (1) exceeds the amount
27 determined as provided in item (2).

28 If the amount determined as provided in item (3) of this
29 subsection exceeds \$2,500,000, the Commission shall then
30 compute the proportionate amount, if any, which (x) the tax
31 paid hereunder by each utility during the preceding biennium,
32 and (y) the amount paid into the Public Utility Fund during
33 the preceding biennium by the Department of Revenue pursuant
34 to Sections 2-9 and 2-11 of the Electricity Excise Tax Law,

1 bears to the difference between the amount determined as
2 provided in item (3) of this subsection (i) and \$2,500,000.
3 The Commission shall cause the proportionate amount
4 determined with respect to payments made under the
5 Electricity Excise Tax Law to be transferred into the General
6 Revenue Fund in the State Treasury, and notify each public
7 utility that it may file during the 3 month period after the
8 date of notification a claim for credit for the proportionate
9 amount determined with respect to payments made hereunder by
10 the public utility. If the proportionate amount is less than
11 \$10, no notification will be sent by the Commission, and no
12 right to a claim exists as to that amount. Upon the filing of
13 a claim for credit within the period provided, the Commission
14 shall issue a credit memorandum in such amount to such public
15 utility. Any claim for credit filed after the period provided
16 for in this Section is void.

17 (i-5) A public utility is entitled to a credit against
18 the tax imposed under this Section in the amount equal to the
19 amount expended by the public utility during the reporting
20 period on use and occupation taxes for the purchase coal
21 produced in Illinois. The Commission shall establish by rule
22 the procedures to apply for the credit. The Commission shall
23 issue, as provided by rule, a credit memorandum to the public
24 utility for the credit allowed under this subsection (i-5).

25 (j) Credit memoranda issued pursuant to subsection (f),
26 and credit memoranda issued after notification and filing
27 pursuant to subsection (i), and credit memoranda issued
28 pursuant to subsection (i-5) may be applied for the 2 year
29 period from the date of issuance, against the payment of any
30 amount due during that period under the tax imposed by
31 subsection (c), or, subject to reasonable rule of the
32 Commission including requirement of notification, may be
33 assigned to any other public utility subject to regulation
34 under this Act. Any application of credit memoranda after the

1 period provided for in this Section is void.

2 (k) The chairman or executive director may make refund
3 of fees, taxes or other charges whenever he shall determine
4 that the person or public utility will not be liable for
5 payment of such fees, taxes or charges during the next 24
6 months and he determines that the issuance of a credit
7 memorandum would be unjust.

8 (Source: P.A. 90-561, eff. 8-1-98; 90-562, 12-16-97; 90-655,
9 eff. 7-30-98.)".