

1 AMENDMENT TO HOUSE BILL 1598

2 AMENDMENT NO. _____. Amend House Bill 1598 by replacing
3 the title with the following:

4 "AN ACT concerning electric power generation."; and

5 by replacing everything after the enacting clause with the
6 following:

7 "Section 1. This Act may be cited as the Empower
8 Illinois Act.

9 Section 5. Purpose. The purpose of this Act is to use
10 abundant coal reserves to turn Southern Illinois into the
11 State's "power plant", providing power for Chicago and its
12 suburbs, and reducing the need for peaker plants.
13 Implementation of this Act will provide good paying jobs in
14 mining, construction, power generation, and trucking for
15 thousands of Southern Illinois residents. At the same time,
16 implementation of this Act will secure Illinois' power base
17 and enhance economic development efforts in Illinois for
18 generations to come.

19 Section 10. Empower Illinois Commission. There is
20 created the Empower Illinois Commission to study the problems

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. Mine-mouth power plants and related power
28 transmission lines; definitions. For purposes of this
29 Section, "mine-mouth power plant" means a coal-fired power
30 plant sited adjacent to a coal mine. The Department, by
31 rule, must establish the standards that must be met to

1 qualify as a related power transmission line for purposes of
2 this amendatory Act of the 92nd General Assembly.

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

5 (20 ILCS 655/5.3) (from Ch. 67 1/2, par. 608)

6 Sec. 5.3. Certification of Enterprise Zones; Effective
7 date.

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

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

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

27 (c) An Enterprise Zone shall be in effect for 30
28 calendar years, or for a lesser number of years specified in
29 the certified designating ordinance. Enterprise Zones shall
30 terminate at midnight of December 31 of the final calendar
31 year of the certified term, except as provided in Section
32 5.4. ~~In-Vermilion-County, however, an enterprise zone shall~~

1 ~~be in effect for 30 calendar years or for a lesser number of~~
2 ~~years specified in the certified designating ordinance.~~ The
3 Whiteside County/Carroll County Enterprise Zone, however,
4 solely with respect to industrial purposes and uses, shall be
5 in effect for 30 calendar years or for a lesser number of
6 years specified in the certified designating ordinance.

7 (d) No more than 12 Enterprise Zones may be certified by
8 the Department in calendar year 1984, no more than 12
9 Enterprise Zones may be certified by the Department in
10 calendar year 1985, no more than 13 Enterprise Zones may be
11 certified by the Department in calendar year 1986, no more
12 than 15 Enterprise Zones may be certified by the Department
13 in calendar year 1987, and no more than 20 Enterprise Zones
14 may be certified by the Department in calendar year 1990. In
15 other calendar years, no more than 13 Enterprise Zones may be
16 certified by the Department. The Department may also
17 designate up to 8 additional Enterprise Zones outside the
18 regular application cycle if warranted by the extreme
19 economic circumstances as determined by the Department. The
20 Department may also designate one additional Enterprise Zone
21 outside the regular application cycle if an aircraft
22 manufacturer agrees to locate an aircraft manufacturing
23 facility in the proposed Enterprise Zone. The Department may
24 also designate 12 additional Enterprise Zones outside the
25 regular application cycle for the construction of mine-mouth
26 power plants (coal-fired power plants sited adjacent to coal
27 mines). The Department shall establish by rule the criteria
28 for eligibility for certification of the 12 additional
29 Enterprise Zones authorized by this amendatory Act of the
30 92nd General Assembly. Notwithstanding any other provision of
31 this Act, no more than 89 Enterprise Zones may be certified
32 by the Department for the 10 calendar years commencing with
33 1983. The 7 additional Enterprise Zones authorized by Public
34 Act 86-15 shall not lie within municipalities or

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

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

31 (Source: P.A. 90-657, eff. 7-30-98; 91-567, eff. 8-14-99;
32 91-937, eff. 1-11-01; revised 1-15-01.)

33 Section 910. The Illinois Development Finance Authority

1 Act is amended by changing Section 7 and adding Sections
2 7.90, 7.91, 7.92, 7.93, 7.94, 7.95, 7.96, 7.97, 7.98, and
3 7.99 as follows:

4 (20 ILCS 3505/7) (from Ch. 48, par. 850.07)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Authority.

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

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

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

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

34 (n) The Authority may establish an urban development

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

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

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

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

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

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

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

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

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

1 repayment of the principal and interest of each loan made
2 under the Direct Loan Program.

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

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

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

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

32 (w) The Authority may enter into agreements or
33 arrangements with Federal or State agencies to carry out the
34 purposes of this Act.

1 (x) The Authority may use any funds in its possession
 2 remaining unexpended from the funds appropriated to the
 3 Authority under Section 93 of Public Act 84-1108 as follows:
 4 (1) to make a \$1,000,000 ten-year, no-interest loan to the
 5 Illinois Facilities Fund to assist in the development of
 6 low-interest loans to nonprofit organizations; and (2) if and
 7 only if the loan described in item (1) has been made, for any
 8 of its general corporate purposes.
 9 (Source: P.A. 90-587, eff. 7-1-98.)

10 (20 ILCS 3505/7.90 new)

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

28 (20 ILCS 3505/7.91 new)

29 Sec. 7.91. Definition. For the purposes of Sections
 30 7.90 through 7.99, "mine-mouth power plant" means a
 31 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.

(20 ILCS 3505/7.97 new)

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

(20 ILCS 3505/7.98 new)

Sec. 7.98. Tax exemption. The exercise of the powers
granted in Sections 7.90 through 7.99 of this Act are in all
respects for the benefit of the people of Illinois and in
consideration thereof the bonds issued pursuant to the those
Sections and the income therefrom shall be free from all
taxation by the State or its political subdivisions, except
for estate, transfer, and inheritance taxes. For purposes of
Section 250 of the Illinois Income Tax Act, the exemption of
the income from bonds issued under the those Sections shall
terminate after all of the bonds have been paid. The amount
of such income that shall be added and then subtracted on the
Illinois income tax return of a taxpayer, pursuant to
Section 203 of the Illinois Income Tax Act, from federal
adjusted gross income or federal taxable income in
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 located within an
22 Enterprise Zone and 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. For purpose of this
26 Section, "mine-mouth power plant" means a coal-fired power
27 plant sited adjacent to a coal mine.

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

32 Section 925. The Service Use Tax Act is amended by
33 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 located within an
30 Enterprise Zone and related power transmission lines, as
31 determined under Section 605-331 of the Department of
32 Commerce and Community Affairs Law of the Civil
33 Administrative Code of Illinois. For purpose of this
34 Section, "mine-mouth power plant" means a coal-fired power

1 plant sited adjacent to a coal mine.

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

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

8 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

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

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

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

32 (4) Legal tender, currency, medallions, or gold or

1 silver coinage issued by the State of Illinois, the
2 government of the United States of America, or the government
3 of any foreign country, and bullion.

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

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

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

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

1 seeders, or spreaders. Precision farming equipment includes,
2 but is not limited to, soil testing sensors, computers,
3 monitors, software, global positioning and mapping systems,
4 and other such equipment.

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

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

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

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

1 equipment purchased for lease; but excluding motor vehicles
2 required to be registered under the Illinois Vehicle Code.

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

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

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

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

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

32 (16) Computers and communications equipment utilized for
33 any hospital purpose and equipment used in the diagnosis,
34 analysis, or treatment of hospital patients sold to a lessor

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

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

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

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

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

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

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

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

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

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

24 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
 25 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
 26 7-20-99; 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637,
 27 eff. 8-20-99; 91-644, eff. 8-20-99; revised 9-29-99.)

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

30 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)
 31 Sec. 2-5. Exemptions. Gross receipts from proceeds from
 32 the sale of the following tangible personal property are

1 exempt from the tax imposed by this Act:

2 (1) Farm chemicals.

3 (2) 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 (2). 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 2-70.

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

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

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

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

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

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

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

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

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

33 (12) Personal property sold to interstate carriers for
34 hire for use as rolling stock moving in interstate commerce

1 or to lessors under leases of one year or longer executed or
2 in effect at the time of purchase by interstate carriers for
3 hire for use as rolling stock moving in interstate commerce
4 and equipment operated by a telecommunications provider,
5 licensed as a common carrier by the Federal Communications
6 Commission, which is permanently installed in or affixed to
7 aircraft moving in interstate commerce.

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

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

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

1 imposed.

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

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

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

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

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

32 (21) Coal exploration, mining, offhighway hauling,
33 processing, maintenance, and reclamation equipment, including
34 replacement parts and equipment, and including equipment

1 purchased for lease, but excluding motor vehicles required to
2 be registered under the Illinois Vehicle Code.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32 (34) ~~(33)~~ Beginning January 1, 2000, personal property,
33 including food, purchased through fundraising events for the
34 benefit of a public or private elementary or secondary

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

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

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

30 (Source: P.A. 90-14, eff. 7-1-97; 90-519, eff. 6-1-98;
 31 90-552, eff. 12-12-97; 90-605, eff. 6-30-98; 91-51, eff.
 32 6-30-99; 91-200, eff. 7-20-99; 91-439, eff. 8-6-99; 91-533,
 33 eff. 8-13-99; 91-637, eff. 8-20-99; 91-644, eff. 8-20-99;
 34 revised 9-28-99.)

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

3 (35 ILCS 200/15-72 new)

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

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

16 (220 ILCS 5/2-202) (from Ch. 111 2/3, par. 2-202)

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

1 eliminating or abating those problems. Such proceeds shall be
2 deposited in the Public Utility Fund in the State treasury.

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

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

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

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

1 containing updated estimates and updated amounts of tax
2 due during the calendar year. These revised returns, if
3 filed, shall form the basis for quarterly payments due
4 during the remainder of the calendar year. In addition,
5 on or before February 15 of each year, each public
6 utility shall file an amended return showing the actual
7 amount of gross revenues shown by the company's books and
8 records as of December 31 of the previous year. Forms and
9 instructions for such estimated, revised, and amended
10 returns shall be devised and supplied by the Commission.

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

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

1 taxpayer's signing a fraudulent return under this Section is
2 perjury, as defined in Section 32-2 of the Criminal Code of
3 1961.

4 (f) (1) For all public utilities subject to paragraph
5 (1) of subsection (d), at least one quarter of the annual
6 amount of tax due under subsection (c) shall be paid to the
7 Commission on or before the tenth day of January, April,
8 July, and October of the calendar year subject to tax. In
9 the event that an adjustment in the amount of tax due should
10 be necessary as a result of the filing of an amended or
11 corrected return under subsection (d) or subsection (e) of
12 this Section, the amount of any deficiency shall be paid by
13 the public utility together with the amended or corrected
14 return and the amount of any excess shall, after the filing
15 of a claim for credit by the public utility, be returned to
16 the public utility in the form of a credit memorandum in the
17 amount of such excess or be refunded to the public utility in
18 accordance with the provisions of subsection (k) of this
19 Section. However, if such deficiency or excess is less than
20 \$1, then the public utility need not pay the deficiency and
21 may not claim a credit.

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

1 (g) Each installment or required payment of the tax
2 imposed by subsection (c) becomes delinquent at midnight of
3 the date that it is due. Failure to make a payment as
4 required by this Section shall result in the imposition of a
5 late payment penalty, an underestimation penalty, or both, as
6 provided by this subsection. The late payment penalty shall
7 be the greater of:

8 (1) \$25 for each month or portion of a month that
9 the installment or required payment is unpaid or

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

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

24 (1) \$25 for each month or portion of a month that
25 the amount due is unpaid or

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

1 assessed if the amount actually paid on each of the dates
2 specified in subsection (f) was based on an estimate of
3 gross revenues at least equal to the actual gross
4 revenues for the previous year. The Commission may
5 enforce the collection of any delinquent installment or
6 payment, or portion thereof by legal action or in any
7 other manner by which the collection of debts due the
8 State of Illinois may be enforced under the laws of this
9 State. The executive director or his designee may excuse
10 the payment of an assessed penalty if he determines that
11 enforced collection of the penalty would be unjust.

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

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

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

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

28 (3) determine the amount, if any, by which the sum
29 determined as provided in item (1) exceeds the amount
30 determined as provided in item (2).

31 If the amount determined as provided in item (3) of this
32 subsection exceeds \$2,500,000, the Commission shall then
33 compute the proportionate amount, if any, which (x) the tax
34 paid hereunder by each utility during the preceding biennium,

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

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

28 (j) Credit memoranda issued pursuant to subsection (f),
29 and credit memoranda issued after notification and filing
30 pursuant to subsection (i), and credit memoranda issued
31 pursuant to subsection (i-5) may be applied for the 2 year
32 period from the date of issuance, against the payment of any
33 amount due during that period under the tax imposed by
34 subsection (c), or, subject to reasonable rule of the

1 Commission including requirement of notification, may be
2 assigned to any other public utility subject to regulation
3 under this Act. Any application of credit memoranda after the
4 period provided for in this Section is void.

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

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