

1 AN ACT concerning taxation.

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

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

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

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

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

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

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

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

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

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

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

23 (7) Farm chemicals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (31) Beginning on the effective date of this amendatory
26 Act of the 92nd General Assembly and ending 10 years after
27 the effective date of this amendatory Act of the 92nd General
28 Assembly, production related tangible personal property and
29 machinery and equipment, including repair and replacement
30 parts, both new and used, and including those items
31 manufactured on special order or purchased for lease,
32 certified by the purchaser to be essential to and used in the
33 integrated process of the production of electricity by an
34 eligible facility owned, operated, or leased by an exempt

1 wholesale generator. "Eligible facility" and "exempt
2 wholesale generator" shall mean "eligible facility" and
3 "exempt wholesale generator" as defined in Section 32 of the
4 Public Utility Holding Company Act of 1935, 15 U.S.C. 79z-5a,
5 in effect as of the date of this amendatory Act of the 92nd
6 General Assembly. "Machinery" includes mechanical machines
7 and components of those machines that directly contribute to
8 or are directly used in or essential to the process of the
9 production of electricity. "Equipment" includes an
10 independent device or tool separate from machinery but
11 essential to an integrated electricity generation process;
12 including pipes of any kind used in the process of the
13 production of electricity; computers used primarily in
14 operating exempt machinery; any subunit or assembly
15 comprising a component of any machinery or auxiliary,
16 adjunct, or attachment parts of machinery, and any parts that
17 require periodic replacement in the course of normal
18 operation; but does not include hand tools. "Production
19 related tangible personal property" means all tangible
20 personal property directly used in or essential to the
21 process of the production of electricity including, but not
22 limited to, tangible personal property used in activities
23 such as preproduction material handling, receiving, quality
24 control, inventory control, storage, staging, and piping or
25 lines necessary for the transportation of water, natural gas,
26 steam, and similar items to and from an eligible facility for
27 use in the process of the production of electricity. This
28 paragraph (31) shall apply also to machinery and equipment
29 used in the general maintenance or repair of exempt machinery
30 and equipment. This paragraph is solely for the purpose of
31 determining whether the production related tangible personal
32 property defined in this paragraph is exempt from the tax
33 imposed by this Act. Nothing in this paragraph, including,
34 but not limited to, any definitions set forth in this

1 paragraph, shall be construed, applied, or relied upon in any
 2 way to ascertain whether the property exempt from the tax
 3 imposed by this Act is real property or personal property for
 4 the purpose of determining whether the property is subject to
 5 ad valorem taxes on real property or to any other taxes.
 6 This exemption does not apply to any additional tax imposed
 7 by the Board of Directors of the Regional Transportation
 8 Authority under Section 4.03 of the Regional Transportation
 9 Authority Act.

10 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
 11 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
 12 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,
 13 eff. 8-20-99; 91-901, eff. 1-1-01.)

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

16 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

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

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

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

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

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

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

1 tanks and dry boxes shall include units sold separately from
2 a motor vehicle required to be licensed and units sold
3 mounted on a motor vehicle required to be licensed if the
4 selling price of the tender is separately stated.

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

13 Farm machinery and equipment also includes computers,
14 sensors, software, and related equipment used primarily in
15 the computer-assisted operation of production agriculture
16 facilities, equipment, and activities such as, but not
17 limited to, the collection, monitoring, and correlation of
18 animal and crop data for the purpose of formulating animal
19 diets and agricultural chemicals. This item (7) is exempt
20 from the provisions of Section 3-55 3-75.

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

28 (9) Proceeds of mandatory service charges separately
29 stated on customers' bills for the purchase and consumption
30 of food and beverages acquired as an incident to the purchase
31 of a service from a serviceman, to the extent that the
32 proceeds of the service charge are in fact turned over as
33 tips or as a substitute for tips to the employees who
34 participate directly in preparing, serving, hosting or

1 cleaning up the food or beverage function with respect to
2 which the service charge is imposed.

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

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

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

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

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

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

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

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

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

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

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

30 (19) Beginning July 1, 1999, game or game birds
31 purchased at a "game breeding and hunting preserve area" or
32 an "exotic game hunting area" as those terms are used in the
33 Wildlife Code or at a hunting enclosure approved through
34 rules adopted by the Department of Natural Resources. This

1 paragraph is exempt from the provisions of Section 3-75.

2 (20) ~~(19)~~ A motor vehicle, as that term is defined in
3 Section 1-146 of the Illinois Vehicle Code, that is donated
4 to a corporation, limited liability company, society,
5 association, foundation, or institution that is determined by
6 the Department to be organized and operated exclusively for
7 educational purposes. For purposes of this exemption, "a
8 corporation, limited liability company, society, association,
9 foundation, or institution organized and operated exclusively
10 for educational purposes" means all tax-supported public
11 schools, private schools that offer systematic instruction in
12 useful branches of learning by methods common to public
13 schools and that compare favorably in their scope and
14 intensity with the course of study presented in tax-supported
15 schools, and vocational or technical schools or institutes
16 organized and operated exclusively to provide a course of
17 study of not less than 6 weeks duration and designed to
18 prepare individuals to follow a trade or to pursue a manual,
19 technical, mechanical, industrial, business, or commercial
20 occupation.

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

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

6 (23) Beginning on the effective date of this amendatory
7 Act of the 92nd General Assembly and ending 10 years after
8 the effective date of this amendatory Act of the 92nd General
9 Assembly, production related tangible personal property and
10 machinery and equipment, including repair and replacement
11 parts, both new and used, and including those items
12 manufactured on special order or purchased for lease,
13 certified by the purchaser to be essential to and used in the
14 integrated process of the production of electricity by an
15 eligible facility owned, operated, or leased by an exempt
16 wholesale generator. "Eligible facility" and "exempt
17 wholesale generator" shall mean "eligible facility" and
18 "exempt wholesale generator" as defined in Section 32 of the
19 Public Utility Holding Company Act of 1935, 15 U.S.C. 79z-5a,
20 in effect as of the date of this amendatory Act of the 92nd
21 General Assembly. "Machinery" includes mechanical machines
22 and components of those machines that directly contribute to
23 or are directly used in or essential to the process of the
24 production of electricity. "Equipment" includes an
25 independent device or tool separate from machinery but
26 essential to an integrated electricity generation process;
27 including pipes of any kind used in the process of the
28 production of electricity; computers used primarily in
29 operating exempt machinery; any subunit or assembly
30 comprising a component of any machinery or auxiliary,
31 adjunct, or attachment parts of machinery, and any parts that
32 require periodic replacement in the course of normal
33 operation; but does not include hand tools. "Production
34 related tangible personal property" means all tangible

1 personal property directly used in or essential to the
2 process of the production of electricity including, but not
3 limited to, tangible personal property used in activities
4 such as preproduction material handling, receiving, quality
5 control, inventory control, storage, staging, and piping or
6 lines necessary for the transportation of water, natural gas,
7 steam, and similar items to and from an eligible facility for
8 use in the process of the production of electricity. This
9 paragraph (23) shall apply also to machinery and equipment
10 used in the general maintenance or repair of exempt machinery
11 and equipment. This paragraph is solely for the purpose of
12 determining whether the production related tangible personal
13 property defined in this paragraph is exempt from the tax
14 imposed by this Act. Nothing in this paragraph, including,
15 but not limited to, any definitions set forth in this
16 paragraph, shall be construed, applied, or relied upon in any
17 way to ascertain whether the property exempt from the tax
18 imposed by this Act is real property or personal property for
19 the purpose of determining whether the property is subject to
20 ad valorem taxes on real property or to any other taxes. This
21 exemption does not apply to any additional tax imposed by the
22 Board of Directors of the Regional Transportation Authority
23 under Section 4.03 of the Regional Transportation Authority
24 Act.

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

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

31 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

32 Sec. 3-5. Exemptions. The following tangible personal

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

2 (1) Personal property sold by a corporation, society,
3 association, foundation, institution, or organization, other
4 than a limited liability company, that is organized and
5 operated as a not-for-profit service enterprise for the
6 benefit of persons 65 years of age or older if the personal
7 property was not purchased by the enterprise for the purpose
8 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 any not-for-profit
13 arts or cultural organization that establishes, by proof
14 required by the Department by rule, that it has received an
15 exemption under Section 501(c)(3) of the Internal Revenue
16 Code and that is organized and operated for the presentation
17 or support of arts or cultural programming, activities, or
18 services. These organizations include, but are not limited
19 to, music and dramatic arts organizations such as symphony
20 orchestras and theatrical groups, arts and cultural service
21 organizations, local arts councils, visual arts
22 organizations, and media arts organizations.

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

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

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

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

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

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

1 from the provisions of Section 3-55.

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

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

17 (10) 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 (11) 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 (12) 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 (13) Food for human consumption that is to be consumed
4 off the premises where it is sold (other than alcoholic
5 beverages, soft drinks and food that has been prepared for
6 immediate consumption) and prescription and non-prescription
7 medicines, drugs, medical appliances, and insulin, urine
8 testing materials, syringes, and needles used by diabetics,
9 for human use, when purchased for use by a person receiving
10 medical assistance under Article 5 of the Illinois Public Aid
11 Code who resides in a licensed long-term care facility, as
12 defined in the Nursing Home Care Act.

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

15 (15) Horses, or interests in horses, registered with and
16 meeting the requirements of any of the Arabian Horse Club
17 Registry of America, Appaloosa Horse Club, American Quarter
18 Horse Association, United States Trotting Association, or
19 Jockey Club, as appropriate, used for purposes of breeding or
20 racing for prizes.

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

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

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

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

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

30 (21) ~~(20)~~ A motor vehicle, as that term is defined in
31 Section 1-146 of the Illinois Vehicle Code, that is donated
32 to a corporation, limited liability company, society,
33 association, foundation, or institution that is determined by
34 the Department to be organized and operated exclusively for

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

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

29 (23) ~~(20)~~ Beginning January 1, 2000, new or used
30 automatic vending machines that prepare and serve hot food
31 and beverages, including coffee, soup, and other items, and
32 replacement parts for these machines. This paragraph is
33 exempt from the provisions of Section 3-55.

34 (24) Beginning on the effective date of this amendatory

1 Act of the 92nd General Assembly and ending 10 years after
2 the effective date of this amendatory Act of the 92nd General
3 Assembly, production related tangible personal property and
4 machinery and equipment, including repair and replacement
5 parts, both new and used, and including those items
6 manufactured on special order or purchased for lease,
7 certified by the purchaser to be essential to and used in the
8 integrated process of the production of electricity by an
9 eligible facility owned, operated, or leased by an exempt
10 wholesale generator. "Eligible facility" and "exempt
11 wholesale generator" shall mean "eligible facility" and
12 "exempt wholesale generator" as defined in Section 32 of the
13 Public Utility Holding Company Act of 1935, 15 U.S.C. 79z-5a,
14 in effect as of the date of this amendatory Act of the 92nd
15 General Assembly. "Machinery" includes mechanical machines
16 and components of those machines that directly contribute to
17 or are directly used in or essential to the process of the
18 production of electricity. "Equipment" includes an
19 independent device or tool separate from machinery but
20 essential to an integrated electricity generation process;
21 including pipes of any kind used in the process of the
22 production of electricity; computers used primarily in
23 operating exempt machinery; any subunit or assembly
24 comprising a component of any machinery or auxiliary,
25 adjunct, or attachment parts of machinery, and any parts that
26 require periodic replacement in the course of normal
27 operation; but does not include hand tools. "Production
28 related tangible personal property" means all tangible
29 personal property directly used in or essential to the
30 process of the production of electricity including, but not
31 limited to, tangible personal property used in activities
32 such as preproduction material handling, receiving, quality
33 control, inventory control, storage, staging, and piping or
34 lines necessary for the transportation of water, natural gas,

1 steam, and similar items to and from an eligible facility for
2 use in the process of the production of electricity. This
3 paragraph (24) shall apply also to machinery and equipment
4 used in the general maintenance or repair of exempt machinery
5 and equipment. This paragraph is solely for the purpose of
6 determining whether the production related tangible personal
7 property defined in this paragraph is exempt from the tax
8 imposed by this Act. Nothing in this paragraph, including,
9 but not limited to, any definitions set forth in this
10 paragraph, shall be construed, applied, or relied upon in any
11 way to ascertain whether the property exempt from the tax
12 imposed by this Act is real property or personal property for
13 the purpose of determining whether the property is subject to
14 ad valorem taxes on real property or to any other taxes. This
15 exemption does not apply to any additional tax imposed by the
16 Board of Directors of the Regional Transportation Authority
17 under Section 4.03 of the Regional Transportation Authority
18 Act.

19 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
20 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
21 7-20-99; 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637,
22 eff. 8-20-99; 91-644, eff. 8-20-99; revised 9-29-99.)

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

25 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

- 29 (1) Farm chemicals.
- 30 (2) Farm machinery and equipment, both new and used,
31 including that manufactured on special order, certified by
32 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 (2). 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 (7) is exempt
32 from the provisions of Section 2-70.

33 (3) Distillation machinery and equipment, sold as a unit
34 or kit, assembled or installed by the retailer, certified by

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

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

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

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

24 (7) Proceeds of that portion of the selling price of a
25 passenger car the sale of which is subject to the Replacement
26 Vehicle Tax.

27 (8) Personal property sold to an Illinois county fair
28 association for use in conducting, operating, or promoting
29 the county fair.

30 (9) Personal property sold to a not-for-profit arts or
31 cultural organization that establishes, by proof required by
32 the Department by rule, that it has received an exemption
33 under Section 501(c)(3) of the Internal Revenue Code and that
34 is organized and operated for the presentation or support of

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

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

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

28 (12) Personal property sold to interstate carriers for
29 hire for use as rolling stock moving in interstate commerce
30 or to lessors under leases of one year or longer executed or
31 in effect at the time of purchase by interstate carriers for
32 hire for use as rolling stock moving in interstate commerce
33 and equipment operated by a telecommunications provider,
34 licensed as a common carrier by the Federal Communications

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

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

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

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

31 (16) Petroleum products sold to a purchaser if the
32 seller is prohibited by federal law from charging tax to the
33 purchaser.

34 (17) Tangible personal property sold to a common carrier

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

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

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

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

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

32 (22) Fuel and petroleum products sold to or used by an
33 air carrier, certified by the carrier to be used for
34 consumption, shipment, or storage in the conduct of its

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

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

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

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

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

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

34 (28) Computers and communications equipment utilized for

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

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

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

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

1 the disaster.

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

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

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

1 the benefit of private home instruction or (ii) for which the
2 fundraising entity purchases the personal property sold at
3 the events from another individual or entity that sold the
4 property for the purpose of resale by the fundraising entity
5 and that profits from the sale to the fundraising entity.
6 This paragraph is exempt from the provisions of Section 2-70.

7 (35) ~~(32)~~ Beginning January 1, 2000, new or used
8 automatic vending machines that prepare and serve hot food
9 and beverages, including coffee, soup, and other items, and
10 replacement parts for these machines. This paragraph is
11 exempt from the provisions of Section 2-70.

12 (36) Beginning on the effective date of this amendatory
13 Act of the 92nd General Assembly and ending 10 years after
14 the effective date of this amendatory Act of the 92nd General
15 Assembly, production related tangible personal property and
16 machinery and equipment, including repair and replacement
17 parts, both new and used, and including those items
18 manufactured on special order or purchased for lease,
19 certified by the purchaser to be essential to and used in the
20 integrated process of the production of electricity by an
21 eligible facility owned, operated, or leased by an exempt
22 wholesale generator. "Eligible facility" and "exempt
23 wholesale generator" shall mean "eligible facility" and
24 "exempt wholesale generator" as defined in Section 32 of the
25 Public Utility Holding Company Act of 1935, 15 U.S.C. 79z-5a,
26 in effect as of the date of this amendatory Act of the 92nd
27 General Assembly. "Machinery" includes mechanical machines
28 and components of those machines that directly contribute to
29 or are directly used in or essential to the process of the
30 production of electricity. "Equipment" includes an
31 independent device or tool separate from machinery but
32 essential to an integrated electricity generation process;
33 including pipes of any kind used in the process of the
34 production of electricity; computers used primarily in

1 operating exempt machinery; any subunit or assembly
2 comprising a component of any machinery or auxiliary,
3 adjunct, or attachment parts of machinery, and any parts that
4 require periodic replacement in the course of normal
5 operation; but does not include hand tools. "Production
6 related tangible personal property" means all tangible
7 personal property directly used in or essential to the
8 process of the production of electricity including, but not
9 limited to, tangible personal property used in activities
10 such as preproduction material handling, receiving, quality
11 control, inventory control, storage, staging, and piping or
12 lines necessary for the transportation of water, natural gas,
13 steam, and similar items to and from an eligible facility for
14 use in the process of the production of electricity. This
15 paragraph (36) shall apply also to machinery and equipment
16 used in the general maintenance or repair of exempt machinery
17 and equipment. This paragraph is solely for the purpose of
18 determining whether the production related tangible personal
19 property defined in this paragraph is exempt from the tax
20 imposed by this Act. Nothing in this paragraph, including,
21 but not limited to, any definitions set forth in this
22 paragraph, shall be construed, applied, or relied upon in any
23 way to ascertain whether the property exempt from the tax
24 imposed by this Act is real property or personal property for
25 the purpose of determining whether the property is subject to
26 ad valorem taxes on real property or to any other taxes. This
27 exemption does not apply to any additional tax imposed by the
28 Board of Directors of the Regional Transportation Authority
29 under Section 4.03 of the Regional Transportation Authority
30 Act.

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

1 revised 9-28-99.)

2 Section 99. Effective date. This Act takes effect upon

3 becoming law.