

1 AN ACT regarding taxes.

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

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

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

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

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

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

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

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

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

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

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

23 (7) Farm chemicals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (31) Beginning January 1, 2002, gasohol, as defined in
 26 Section 3-40. This paragraph (31) is exempt from the
 27 provisions of Section 3-90.

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 (35 ILCS 105/3-10) (from Ch. 120, par. 439.3-10)
 33 Sec. 3-10. Rate of tax. Unless otherwise provided in

1 this Section, the tax imposed by this Act is at the rate of
2 6.25% of either the selling price or the fair market value,
3 if any, of the tangible personal property. In all cases
4 where property functionally used or consumed is the same as
5 the property that was purchased at retail, then the tax is
6 imposed on the selling price of the property. In all cases
7 where property functionally used or consumed is a by-product
8 or waste product that has been refined, manufactured, or
9 produced from property purchased at retail, then the tax is
10 imposed on the lower of the fair market value, if any, of the
11 specific property so used in this State or on the selling
12 price of the property purchased at retail. For purposes of
13 this Section "fair market value" means the price at which
14 property would change hands between a willing buyer and a
15 willing seller, neither being under any compulsion to buy or
16 sell and both having reasonable knowledge of the relevant
17 facts. The fair market value shall be established by Illinois
18 sales by the taxpayer of the same property as that
19 functionally used or consumed, or if there are no such sales
20 by the taxpayer, then comparable sales or purchases of
21 property of like kind and character in Illinois.

22 Beginning on July 1, 2000 and through December 31, 2000,
23 with respect to motor fuel, as defined in Section 1.1 of the
24 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40
25 of the Use Tax Act, the tax is imposed at the rate of 1.25%.

26 With respect to gasohol, the tax imposed by this Act
27 applies to 70% of the proceeds of sales made on or after
28 January 1, 1990, and before January 1, 2002 ~~July-17-2003~~, and
29 to 100% of the proceeds of sales made thereafter.

30 With respect to food for human consumption that is to be
31 consumed off the premises where it is sold (other than
32 alcoholic beverages, soft drinks, and food that has been
33 prepared for immediate consumption) and prescription and
34 nonprescription medicines, drugs, medical appliances,

1 modifications to a motor vehicle for the purpose of rendering
2 it usable by a disabled person, and insulin, urine testing
3 materials, syringes, and needles used by diabetics, for human
4 use, the tax is imposed at the rate of 1%. For the purposes
5 of this Section, the term "soft drinks" means any complete,
6 finished, ready-to-use, non-alcoholic drink, whether
7 carbonated or not, including but not limited to soda water,
8 cola, fruit juice, vegetable juice, carbonated water, and all
9 other preparations commonly known as soft drinks of whatever
10 kind or description that are contained in any closed or
11 sealed bottle, can, carton, or container, regardless of size.
12 "Soft drinks" does not include coffee, tea, non-carbonated
13 water, infant formula, milk or milk products as defined in
14 the Grade A Pasteurized Milk and Milk Products Act, or drinks
15 containing 50% or more natural fruit or vegetable juice.

16 Notwithstanding any other provisions of this Act, "food
17 for human consumption that is to be consumed off the premises
18 where it is sold" includes all food sold through a vending
19 machine, except soft drinks and food products that are
20 dispensed hot from a vending machine, regardless of the
21 location of the vending machine.

22 If the property that is purchased at retail from a
23 retailer is acquired outside Illinois and used outside
24 Illinois before being brought to Illinois for use here and is
25 taxable under this Act, the "selling price" on which the tax
26 is computed shall be reduced by an amount that represents a
27 reasonable allowance for depreciation for the period of prior
28 out-of-state use.

29 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;
30 91-51, eff. 6-30-99; 91-872, eff. 7-1-00.)

31 Section 10. The Service Use Tax Act is amended by
32 changing Sections 3-5 and 3-10 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 January 1, 2002, gasohol, as defined in
24 Section 3-40 of the Use Tax Act. This paragraph (23) is
25 exempt from the provisions of Section 3-75.

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

30 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)
31 Sec. 3-10. Rate of tax. Unless otherwise provided in
32 this Section, the tax imposed by this Act is at the rate of
33 6.25% of the selling price of tangible personal property

1 transferred as an incident to the sale of service, but, for
2 the purpose of computing this tax, in no event shall the
3 selling price be less than the cost price of the property to
4 the serviceman.

5 Beginning on July 1, 2000 and through December 31, 2000,
6 with respect to motor fuel, as defined in Section 1.1 of the
7 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40
8 of the Use Tax Act, the tax is imposed at the rate of 1.25%.

9 With respect to gasohol, as defined in the Use Tax Act,
10 the tax imposed by this Act applies to 70% of the selling
11 price of property transferred as an incident to the sale of
12 service on or after January 1, 1990, and before January 1,
13 2002 ~~July--17--2003~~, and to 100% of the selling price
14 thereafter.

15 At the election of any registered serviceman made for
16 each fiscal year, sales of service in which the aggregate
17 annual cost price of tangible personal property transferred
18 as an incident to the sales of service is less than 35%, or
19 75% in the case of servicemen transferring prescription drugs
20 or servicemen engaged in graphic arts production, of the
21 aggregate annual total gross receipts from all sales of
22 service, the tax imposed by this Act shall be based on the
23 serviceman's cost price of the tangible personal property
24 transferred as an incident to the sale of those services.

25 The tax shall be imposed at the rate of 1% on food
26 prepared for immediate consumption and transferred incident
27 to a sale of service subject to this Act or the Service
28 Occupation Tax Act by an entity licensed under the Hospital
29 Licensing Act, the Nursing Home Care Act, or the Child Care
30 Act of 1969. The tax shall also be imposed at the rate of 1%
31 on food for human consumption that is to be consumed off the
32 premises where it is sold (other than alcoholic beverages,
33 soft drinks, and food that has been prepared for immediate
34 consumption and is not otherwise included in this paragraph)

1 and prescription and nonprescription medicines, drugs,
2 medical appliances, modifications to a motor vehicle for the
3 purpose of rendering it usable by a disabled person, and
4 insulin, urine testing materials, syringes, and needles used
5 by diabetics, for human use. For the purposes of this
6 Section, the term "soft drinks" means any complete, finished,
7 ready-to-use, non-alcoholic drink, whether carbonated or not,
8 including but not limited to soda water, cola, fruit juice,
9 vegetable juice, carbonated water, and all other preparations
10 commonly known as soft drinks of whatever kind or description
11 that are contained in any closed or sealed bottle, can,
12 carton, or container, regardless of size. "Soft drinks" does
13 not include coffee, tea, non-carbonated water, infant
14 formula, milk or milk products as defined in the Grade A
15 Pasteurized Milk and Milk Products Act, or drinks containing
16 50% or more natural fruit or vegetable juice.

17 Notwithstanding any other provisions of this Act, "food
18 for human consumption that is to be consumed off the premises
19 where it is sold" includes all food sold through a vending
20 machine, except soft drinks and food products that are
21 dispensed hot from a vending machine, regardless of the
22 location of the vending machine.

23 If the property that is acquired from a serviceman is
24 acquired outside Illinois and used outside Illinois before
25 being brought to Illinois for use here and is taxable under
26 this Act, the "selling price" on which the tax is computed
27 shall be reduced by an amount that represents a reasonable
28 allowance for depreciation for the period of prior
29 out-of-state use.

30 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;
31 91-51, eff. 6-30-99; 91-541, eff. 8-13-99; 91-872, eff.
32 7-1-00.)

33 Section 15. The Service Occupation Tax Act is amended by

1 changing Section 3-5 and 3-10 as follows:

2 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

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

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

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

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

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

1 graphic arts production.

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

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

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

32 Farm machinery and equipment also includes computers,
33 sensors, software, and related equipment used primarily in
34 the computer-assisted operation of production agriculture

1 facilities, equipment, and activities such as, but not
2 limited to, the collection, monitoring, and correlation of
3 animal and crop data for the purpose of formulating animal
4 diets and agricultural chemicals. This item (7) is exempt
5 from the provisions of Section 3-55.

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

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

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

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

1 for lease.

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

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

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

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

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

33 (17) Personal property sold to a lessor who leases the
34 property, under a lease of one year or longer executed or in

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

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

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

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

34 (21) ~~(20)~~ A motor vehicle, as that term is defined in

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

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

33 (23) ~~(20)~~ Beginning January 1, 2000, new or used
34 automatic vending machines that prepare and serve hot food

1 and beverages, including coffee, soup, and other items, and
2 replacement parts for these machines. This paragraph is
3 exempt from the provisions of Section 3-55.

4 (24) Beginning January 1, 2002, gasohol, as defined in
5 Section 3-40 of the Use Tax Act. This paragraph (24) is
6 exempt from the provisions of Section 3-55.

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

11 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)
12 Sec. 3-10. Rate of tax. Unless otherwise provided in
13 this Section, the tax imposed by this Act is at the rate of
14 6.25% of the "selling price", as defined in Section 2 of the
15 Service Use Tax Act, of the tangible personal property. For
16 the purpose of computing this tax, in no event shall the
17 "selling price" be less than the cost price to the serviceman
18 of the tangible personal property transferred. The selling
19 price of each item of tangible personal property transferred
20 as an incident of a sale of service may be shown as a
21 distinct and separate item on the serviceman's billing to the
22 service customer. If the selling price is not so shown, the
23 selling price of the tangible personal property is deemed to
24 be 50% of the serviceman's entire billing to the service
25 customer. When, however, a serviceman contracts to design,
26 develop, and produce special order machinery or equipment,
27 the tax imposed by this Act shall be based on the
28 serviceman's cost price of the tangible personal property
29 transferred incident to the completion of the contract.

30 Beginning on July 1, 2000 and through December 31, 2000,
31 with respect to motor fuel, as defined in Section 1.1 of the
32 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40
33 of the Use Tax Act, the tax is imposed at the rate of 1.25%.

1 With respect to gasohol, as defined in the Use Tax Act,
2 the tax imposed by this Act shall apply to 70% of the cost
3 price of property transferred as an incident to the sale of
4 service on or after January 1, 1990, and before January 1,
5 2002 ~~July-17-2003~~, and to 100% of the cost price thereafter.

6 At the election of any registered serviceman made for
7 each fiscal year, sales of service in which the aggregate
8 annual cost price of tangible personal property transferred
9 as an incident to the sales of service is less than 35%, or
10 75% in the case of servicemen transferring prescription drugs
11 or servicemen engaged in graphic arts production, of the
12 aggregate annual total gross receipts from all sales of
13 service, the tax imposed by this Act shall be based on the
14 serviceman's cost price of the tangible personal property
15 transferred incident to the sale of those services.

16 The tax shall be imposed at the rate of 1% on food
17 prepared for immediate consumption and transferred incident
18 to a sale of service subject to this Act or the Service
19 Occupation Tax Act by an entity licensed under the Hospital
20 Licensing Act, the Nursing Home Care Act, or the Child Care
21 Act of 1969. The tax shall also be imposed at the rate of 1%
22 on food for human consumption that is to be consumed off the
23 premises where it is sold (other than alcoholic beverages,
24 soft drinks, and food that has been prepared for immediate
25 consumption and is not otherwise included in this paragraph)
26 and prescription and nonprescription medicines, drugs,
27 medical appliances, modifications to a motor vehicle for the
28 purpose of rendering it usable by a disabled person, and
29 insulin, urine testing materials, syringes, and needles used
30 by diabetics, for human use. For the purposes of this
31 Section, the term "soft drinks" means any complete, finished,
32 ready-to-use, non-alcoholic drink, whether carbonated or not,
33 including but not limited to soda water, cola, fruit juice,
34 vegetable juice, carbonated water, and all other preparations

1 commonly known as soft drinks of whatever kind or description
2 that are contained in any closed or sealed can, carton, or
3 container, regardless of size. "Soft drinks" does not
4 include coffee, tea, non-carbonated water, infant formula,
5 milk or milk products as defined in the Grade A Pasteurized
6 Milk and Milk Products Act, or drinks containing 50% or more
7 natural fruit or vegetable juice.

8 Notwithstanding any other provisions of this Act, "food
9 for human consumption that is to be consumed off the premises
10 where it is sold" includes all food sold through a vending
11 machine, except soft drinks and food products that are
12 dispensed hot from a vending machine, regardless of the
13 location of the vending machine.

14 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;
15 91-51, 6-30-99; 91-541, eff. 8-13-99; 91-872, eff. 7-1-00.)

16 Section 20. The Retailers' Occupation Tax Act is amended
17 by changing Sections 2-5 and 2-20 as follows:

18 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

22 (1) Farm chemicals.

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

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

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

18 Farm machinery and equipment also includes computers,
19 sensors, software, and related equipment used primarily in
20 the computer-assisted operation of production agriculture
21 facilities, equipment, and activities such as, but not
22 limited to, the collection, monitoring, and correlation of
23 animal and crop data for the purpose of formulating animal
24 diets and agricultural chemicals. This item (7) is exempt
25 from the provisions of Section 2-70.

26 (3) Distillation machinery and equipment, sold as a unit
27 or kit, assembled or installed by the retailer, certified by
28 the user to be used only for the production of ethyl alcohol
29 that will be used for consumption as motor fuel or as a
30 component of motor fuel for the personal use of the user, and
31 not subject to sale or resale.

32 (4) Graphic arts machinery and equipment, including
33 repair and replacement parts, both new and used, and
34 including that manufactured on special order or purchased for

1 lease, certified by the purchaser to be used primarily for
2 graphic arts production.

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

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

17 (7) Proceeds of that portion of the selling price of a
18 passenger car the sale of which is subject to the Replacement
19 Vehicle Tax.

20 (8) Personal property sold to an Illinois county fair
21 association for use in conducting, operating, or promoting
22 the county fair.

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

34 (10) Personal property sold by a corporation, society,

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

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

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

30 (13) Proceeds from sales to owners, lessors, or shippers
31 of tangible personal property that is utilized by interstate
32 carriers for hire for use as rolling stock moving in
33 interstate commerce and equipment operated by a
34 telecommunications provider, licensed as a common carrier by

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

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

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

24 (16) Petroleum products sold to a purchaser if the
25 seller is prohibited by federal law from charging tax to the
26 purchaser.

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

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

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

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

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

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

32 (23) A transaction in which the purchase order is
33 received by a florist who is located outside Illinois, but
34 who has a florist located in Illinois deliver the property to

1 the purchaser or the purchaser's donee in Illinois.

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

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

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

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

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

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

6 (30) 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 (31) 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 (32) Beginning July 1, 1999, game or game birds sold at
30 a "game breeding and hunting preserve area" or an "exotic
31 game hunting area" as those terms are used in the Wildlife
32 Code or at a hunting enclosure approved through rules adopted
33 by the Department of Natural Resources. This paragraph is
34 exempt from the provisions of Section 2-70.

1 (33) ~~(32)~~ A motor vehicle, as that term is defined in
2 Section 1-146 of the Illinois Vehicle Code, that is donated
3 to a corporation, limited liability company, society,
4 association, foundation, or institution that is determined by
5 the 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 (34) ~~(33)~~ 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 2-70.

34 (35) ~~(32)~~ Beginning January 1, 2000, new or used

1 automatic vending machines that prepare and serve hot food
2 and beverages, including coffee, soup, and other items, and
3 replacement parts for these machines. This paragraph is
4 exempt from the provisions of Section 2-70.

5 (36) Beginning January 1, 2002, gasohol, as defined in
6 Section 3-40 of the Use Tax Act. This paragraph (36) is
7 exempt from the provisions of Section 2-70.

8 (Source: P.A. 90-14, eff. 7-1-97; 90-519, eff. 6-1-98;
9 90-552, eff. 12-12-97; 90-605, eff. 6-30-98; 91-51, eff.
10 6-30-99; 91-200, eff. 7-20-99; 91-439, eff. 8-6-99; 91-533,
11 eff. 8-13-99; 91-637, eff. 8-20-99; 91-644, eff. 8-20-99;
12 revised 9-28-99.)

13 (35 ILCS 120/2-10) (from Ch. 120, par. 441-10)
14 Sec. 2-10. Rate of tax. Unless otherwise provided in
15 this Section, the tax imposed by this Act is at the rate of
16 6.25% of gross receipts from sales of tangible personal
17 property made in the course of business.

18 Beginning on July 1, 2000 and through December 31, 2000,
19 with respect to motor fuel, as defined in Section 1.1 of the
20 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40
21 of the Use Tax Act, the tax is imposed at the rate of 1.25%.

22 Within 14 days after the effective date of this
23 amendatory Act of the 91st General Assembly, each retailer of
24 motor fuel and gasohol shall cause the following notice to be
25 posted in a prominently visible place on each retail
26 dispensing device that is used to dispense motor fuel or
27 gasohol in the State of Illinois: "As of July 1, 2000, the
28 State of Illinois has eliminated the State's share of sales
29 tax on motor fuel and gasohol through December 31, 2000. The
30 price on this pump should reflect the elimination of the
31 tax." The notice shall be printed in bold print on a sign
32 that is no smaller than 4 inches by 8 inches. The sign shall
33 be clearly visible to customers. Any retailer who fails to

1 post or maintain a required sign through December 31, 2000 is
2 guilty of a petty offense for which the fine shall be \$500
3 per day per each retail premises where a violation occurs.

4 With respect to gasohol, as defined in the Use Tax Act,
5 the tax imposed by this Act applies to 70% of the proceeds of
6 sales made on or after January 1, 1990, and before January 1,
7 2002 ~~July-17-2003~~, and to 100% of the proceeds of sales made
8 thereafter.

9 With respect to food for human consumption that is to be
10 consumed off the premises where it is sold (other than
11 alcoholic beverages, soft drinks, and food that has been
12 prepared for immediate consumption) and prescription and
13 nonprescription medicines, drugs, medical appliances,
14 modifications to a motor vehicle for the purpose of rendering
15 it usable by a disabled person, and insulin, urine testing
16 materials, syringes, and needles used by diabetics, for human
17 use, the tax is imposed at the rate of 1%. For the purposes
18 of this Section, the term "soft drinks" means any complete,
19 finished, ready-to-use, non-alcoholic drink, whether
20 carbonated or not, including but not limited to soda water,
21 cola, fruit juice, vegetable juice, carbonated water, and all
22 other preparations commonly known as soft drinks of whatever
23 kind or description that are contained in any closed or
24 sealed bottle, can, carton, or container, regardless of size.
25 "Soft drinks" does not include coffee, tea, non-carbonated
26 water, infant formula, milk or milk products as defined in
27 the Grade A Pasteurized Milk and Milk Products Act, or drinks
28 containing 50% or more natural fruit or vegetable juice.

29 Notwithstanding any other provisions of this Act, "food
30 for human consumption that is to be consumed off the premises
31 where it is sold" includes all food sold through a vending
32 machine, except soft drinks and food products that are
33 dispensed hot from a vending machine, regardless of the
34 location of the vending machine.

1 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;
2 91-51, eff. 6-30-99; 91-872, eff. 7-1-00.)

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.