

1 AN ACT concerning taxes.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Sections 201 and 211 as follows:

6 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

7 Sec. 201. Tax Imposed.

8 (a) In general. A tax measured by net income is hereby
9 imposed on every individual, corporation, trust and estate
10 for each taxable year ending after July 31, 1969 on the
11 privilege of earning or receiving income in or as a resident
12 of this State. Such tax shall be in addition to all other
13 occupation or privilege taxes imposed by this State or by any
14 municipal corporation or political subdivision thereof.

15 (b) Rates. The tax imposed by subsection (a) of this
16 Section shall be determined as follows, except as adjusted by
17 subsection (d-1):

18 (1) In the case of an individual, trust or estate,
19 for taxable years ending prior to July 1, 1989, an amount
20 equal to 2 1/2% of the taxpayer's net income for the
21 taxable year.

22 (2) In the case of an individual, trust or estate,
23 for taxable years beginning prior to July 1, 1989 and
24 ending after June 30, 1989, an amount equal to the sum of
25 (i) 2 1/2% of the taxpayer's net income for the period
26 prior to July 1, 1989, as calculated under Section 202.3,
27 and (ii) 3% of the taxpayer's net income for the period
28 after June 30, 1989, as calculated under Section 202.3.

29 (3) In the case of an individual, trust or estate,
30 for taxable years beginning after June 30, 1989, an
31 amount equal to 3% of the taxpayer's net income for the

1 taxable year.

2 (4) (Blank).

3 (5) (Blank).

4 (6) In the case of a corporation, for taxable years
5 ending prior to July 1, 1989, an amount equal to 4% of
6 the taxpayer's net income for the taxable year.

7 (7) In the case of a corporation, for taxable years
8 beginning prior to July 1, 1989 and ending after June 30,
9 1989, an amount equal to the sum of (i) 4% of the
10 taxpayer's net income for the period prior to July 1,
11 1989, as calculated under Section 202.3, and (ii) 4.8% of
12 the taxpayer's net income for the period after June 30,
13 1989, as calculated under Section 202.3.

14 (8) In the case of a corporation, for taxable years
15 beginning after June 30, 1989, an amount equal to 4.8% of
16 the taxpayer's net income for the taxable year.

17 (c) Personal Property Tax Replacement Income Tax.

18 Beginning on July 1, 1979 and thereafter, in addition to such
19 income tax, there is also hereby imposed the Personal
20 Property Tax Replacement Income Tax measured by net income on
21 every corporation (including Subchapter S corporations),
22 partnership and trust, for each taxable year ending after
23 June 30, 1979. Such taxes are imposed on the privilege of
24 earning or receiving income in or as a resident of this
25 State. The Personal Property Tax Replacement Income Tax
26 shall be in addition to the income tax imposed by subsections
27 (a) and (b) of this Section and in addition to all other
28 occupation or privilege taxes imposed by this State or by any
29 municipal corporation or political subdivision thereof.

30 (d) Additional Personal Property Tax Replacement Income
31 Tax Rates. The personal property tax replacement income tax
32 imposed by this subsection and subsection (c) of this Section
33 in the case of a corporation, other than a Subchapter S
34 corporation and except as adjusted by subsection (d-1), shall

1 be an additional amount equal to 2.85% of such taxpayer's net
2 income for the taxable year, except that beginning on January
3 1, 1981, and thereafter, the rate of 2.85% specified in this
4 subsection shall be reduced to 2.5%, and in the case of a
5 partnership, trust or a Subchapter S corporation shall be an
6 additional amount equal to 1.5% of such taxpayer's net income
7 for the taxable year.

8 (d-1) Rate reduction for certain foreign insurers. This
9 subsection (d-1) applies to taxable years ending on or before
10 June 30, 2004. In the case of a foreign insurer, as defined
11 by Section 35A-5 of the Illinois Insurance Code, whose state
12 or country of domicile imposes on insurers domiciled in
13 Illinois a retaliatory tax (excluding any insurer whose
14 premiums from reinsurance assumed are 50% or more of its
15 total insurance premiums as determined under paragraph (2) of
16 subsection (b) of Section 304, except that for purposes of
17 this determination premiums from reinsurance do not include
18 premiums from inter-affiliate reinsurance arrangements),
19 beginning with taxable years ending on or after December 31,
20 1999, the sum of the rates of tax imposed by subsections (b)
21 and (d) shall be reduced (but not increased) to the rate at
22 which the total amount of tax imposed under this Act, net of
23 all credits allowed under this Act, shall equal (i) the total
24 amount of tax that would be imposed on the foreign insurer's
25 net income allocable to Illinois for the taxable year by such
26 foreign insurer's state or country of domicile if that net
27 income were subject to all income taxes and taxes measured by
28 net income imposed by such foreign insurer's state or country
29 of domicile, net of all credits allowed or (ii) a rate of
30 zero if no such tax is imposed on such income by the foreign
31 insurer's state of domicile. For the purposes of this
32 subsection (d-1), an inter-affiliate includes a mutual
33 insurer under common management.

34 (1) For the purposes of subsection (d-1), in no

1 event shall the sum of the rates of tax imposed by
2 subsections (b) and (d) be reduced below the rate at
3 which the sum of:

4 (A) the total amount of tax imposed on such
5 foreign insurer under this Act for a taxable year,
6 net of all credits allowed under this Act, plus

7 (B) the privilege tax imposed by Section 409
8 of the Illinois Insurance Code, the fire insurance
9 company tax imposed by Section 12 of the Fire
10 Investigation Act, and the fire department taxes
11 imposed under Section 11-10-1 of the Illinois
12 Municipal Code,

13 equals 1.25% of the net taxable premiums written for the
14 taxable year, as described by subsection (1) of Section
15 409 of the Illinois Insurance Code. This paragraph will
16 in no event increase the rates imposed under subsections
17 (b) and (d).

18 (2) Any reduction in the rates of tax imposed by
19 this subsection shall be applied first against the rates
20 imposed by subsection (b) and only after the tax imposed
21 by subsection (a) net of all credits allowed under this
22 Section other than the credit allowed under subsection
23 (i) has been reduced to zero, against the rates imposed
24 by subsection (d).

25 ~~This subsection-(d-1)-is-exempt-from--the--provisions--of~~
26 ~~Section-250-~~

27 (e) Investment credit. A taxpayer shall be allowed a
28 credit against the Personal Property Tax Replacement Income
29 Tax for investment in qualified property.

30 (1) A taxpayer shall be allowed a credit equal to
31 .5% of the basis of qualified property placed in service
32 during the taxable year, provided such property is placed
33 in service on or after July 1, 1984. There shall be
34 allowed an additional credit equal to .5% of the basis of

1 qualified property placed in service during the taxable
2 year, provided such property is placed in service on or
3 after July 1, 1986, and the taxpayer's base employment
4 within Illinois has increased by 1% or more over the
5 preceding year as determined by the taxpayer's employment
6 records filed with the Illinois Department of Employment
7 Security. Taxpayers who are new to Illinois shall be
8 deemed to have met the 1% growth in base employment for
9 the first year in which they file employment records with
10 the Illinois Department of Employment Security. The
11 provisions added to this Section by Public Act 85-1200
12 (and restored by Public Act 87-895) shall be construed as
13 declaratory of existing law and not as a new enactment.
14 If, in any year, the increase in base employment within
15 Illinois over the preceding year is less than 1%, the
16 additional credit shall be limited to that percentage
17 times a fraction, the numerator of which is .5% and the
18 denominator of which is 1%, but shall not exceed .5%.
19 The investment credit shall not be allowed to the extent
20 that it would reduce a taxpayer's liability in any tax
21 year below zero, nor may any credit for qualified
22 property be allowed for any year other than the year in
23 which the property was placed in service in Illinois. For
24 tax years ending on or after December 31, 1987, and on or
25 before December 31, 1988, the credit shall be allowed for
26 the tax year in which the property is placed in service,
27 or, if the amount of the credit exceeds the tax liability
28 for that year, whether it exceeds the original liability
29 or the liability as later amended, such excess may be
30 carried forward and applied to the tax liability of the 5
31 taxable years following the excess credit years if the
32 taxpayer (i) makes investments which cause the creation
33 of a minimum of 2,000 full-time equivalent jobs in
34 Illinois, (ii) is located in an enterprise zone

1 established pursuant to the Illinois Enterprise Zone Act
2 and (iii) is certified by the Department of Commerce and
3 Community Affairs as complying with the requirements
4 specified in clause (i) and (ii) by July 1, 1986. The
5 Department of Commerce and Community Affairs shall notify
6 the Department of Revenue of all such certifications
7 immediately. For tax years ending after December 31,
8 1988, the credit shall be allowed for the tax year in
9 which the property is placed in service, or, if the
10 amount of the credit exceeds the tax liability for that
11 year, whether it exceeds the original liability or the
12 liability as later amended, such excess may be carried
13 forward and applied to the tax liability of the 5 taxable
14 years following the excess credit years. The credit shall
15 be applied to the earliest year for which there is a
16 liability. If there is credit from more than one tax year
17 that is available to offset a liability, earlier credit
18 shall be applied first.

19 (2) The term "qualified property" means property
20 which:

21 (A) is tangible, whether new or used,
22 including buildings and structural components of
23 buildings and signs that are real property, but not
24 including land or improvements to real property that
25 are not a structural component of a building such as
26 landscaping, sewer lines, local access roads,
27 fencing, parking lots, and other appurtenances;

28 (B) is depreciable pursuant to Section 167 of
29 the Internal Revenue Code, except that "3-year
30 property" as defined in Section 168(c)(2)(A) of that
31 Code is not eligible for the credit provided by this
32 subsection (e);

33 (C) is acquired by purchase as defined in
34 Section 179(d) of the Internal Revenue Code;

1 (D) is used in Illinois by a taxpayer who is
2 primarily engaged in manufacturing, or in mining
3 coal or fluorite, or in retailing; and

4 (E) has not previously been used in Illinois
5 in such a manner and by such a person as would
6 qualify for the credit provided by this subsection
7 (e) or subsection (f).

8 (3) For purposes of this subsection (e),
9 "manufacturing" means the material staging and production
10 of tangible personal property by procedures commonly
11 regarded as manufacturing, processing, fabrication, or
12 assembling which changes some existing material into new
13 shapes, new qualities, or new combinations. For purposes
14 of this subsection (e) the term "mining" shall have the
15 same meaning as the term "mining" in Section 613(c) of
16 the Internal Revenue Code. For purposes of this
17 subsection (e), the term "retailing" means the sale of
18 tangible personal property or services rendered in
19 conjunction with the sale of tangible consumer goods or
20 commodities.

21 (4) The basis of qualified property shall be the
22 basis used to compute the depreciation deduction for
23 federal income tax purposes.

24 (5) If the basis of the property for federal income
25 tax depreciation purposes is increased after it has been
26 placed in service in Illinois by the taxpayer, the amount
27 of such increase shall be deemed property placed in
28 service on the date of such increase in basis.

29 (6) The term "placed in service" shall have the
30 same meaning as under Section 46 of the Internal Revenue
31 Code.

32 (7) If during any taxable year, any property ceases
33 to be qualified property in the hands of the taxpayer
34 within 48 months after being placed in service, or the

1 situs of any qualified property is moved outside Illinois
2 within 48 months after being placed in service, the
3 Personal Property Tax Replacement Income Tax for such
4 taxable year shall be increased. Such increase shall be
5 determined by (i) recomputing the investment credit which
6 would have been allowed for the year in which credit for
7 such property was originally allowed by eliminating such
8 property from such computation and, (ii) subtracting such
9 recomputed credit from the amount of credit previously
10 allowed. For the purposes of this paragraph (7), a
11 reduction of the basis of qualified property resulting
12 from a redetermination of the purchase price shall be
13 deemed a disposition of qualified property to the extent
14 of such reduction.

15 (8) Unless the investment credit is extended by
16 law, the basis of qualified property shall not include
17 costs incurred after December 31, 2003, except for costs
18 incurred pursuant to a binding contract entered into on
19 or before December 31, 2003.

20 (9) Each taxable year ending before December 31,
21 2000, a partnership may elect to pass through to its
22 partners the credits to which the partnership is entitled
23 under this subsection (e) for the taxable year. A
24 partner may use the credit allocated to him or her under
25 this paragraph only against the tax imposed in
26 subsections (c) and (d) of this Section. If the
27 partnership makes that election, those credits shall be
28 allocated among the partners in the partnership in
29 accordance with the rules set forth in Section 704(b) of
30 the Internal Revenue Code, and the rules promulgated
31 under that Section, and the allocated amount of the
32 credits shall be allowed to the partners for that taxable
33 year. The partnership shall make this election on its
34 Personal Property Tax Replacement Income Tax return for

1 that taxable year. The election to pass through the
2 credits shall be irrevocable.

3 For taxable years ending on or after December 31,
4 2000, a partner that qualifies its partnership for a
5 subtraction under subparagraph (I) of paragraph (2) of
6 subsection (d) of Section 203 or a shareholder that
7 qualifies a Subchapter S corporation for a subtraction
8 under subparagraph (S) of paragraph (2) of subsection (b)
9 of Section 203 shall be allowed a credit under this
10 subsection (e) equal to its share of the credit earned
11 under this subsection (e) during the taxable year by the
12 partnership or Subchapter S corporation, determined in
13 accordance with the determination of income and
14 distributive share of income under Sections 702 and 704
15 and Subchapter S of the Internal Revenue Code. This
16 paragraph is exempt from the provisions of Section 250.

17 (f) Investment credit; Enterprise Zone.

18 (1) A taxpayer shall be allowed a credit against
19 the tax imposed by subsections (a) and (b) of this
20 Section for investment in qualified property which is
21 placed in service in an Enterprise Zone created pursuant
22 to the Illinois Enterprise Zone Act. For partners,
23 shareholders of Subchapter S corporations, and owners of
24 limited liability companies, if the liability company is
25 treated as a partnership for purposes of federal and
26 State income taxation, there shall be allowed a credit
27 under this subsection (f) to be determined in accordance
28 with the determination of income and distributive share
29 of income under Sections 702 and 704 and Subchapter S of
30 the Internal Revenue Code. The credit shall be .5% of
31 the basis for such property. The credit shall be
32 available only in the taxable year in which the property
33 is placed in service in the Enterprise Zone and shall not
34 be allowed to the extent that it would reduce a

1 taxpayer's liability for the tax imposed by subsections
2 (a) and (b) of this Section to below zero. For tax years
3 ending on or after December 31, 1985, the credit shall be
4 allowed for the tax year in which the property is placed
5 in service, or, if the amount of the credit exceeds the
6 tax liability for that year, whether it exceeds the
7 original liability or the liability as later amended,
8 such excess may be carried forward and applied to the tax
9 liability of the 5 taxable years following the excess
10 credit year. The credit shall be applied to the earliest
11 year for which there is a liability. If there is credit
12 from more than one tax year that is available to offset a
13 liability, the credit accruing first in time shall be
14 applied first.

15 (2) The term qualified property means property
16 which:

17 (A) is tangible, whether new or used,
18 including buildings and structural components of
19 buildings;

20 (B) is depreciable pursuant to Section 167 of
21 the Internal Revenue Code, except that "3-year
22 property" as defined in Section 168(c)(2)(A) of that
23 Code is not eligible for the credit provided by this
24 subsection (f);

25 (C) is acquired by purchase as defined in
26 Section 179(d) of the Internal Revenue Code;

27 (D) is used in the Enterprise Zone by the
28 taxpayer; and

29 (E) has not been previously used in Illinois
30 in such a manner and by such a person as would
31 qualify for the credit provided by this subsection
32 (f) or subsection (e).

33 (3) The basis of qualified property shall be the
34 basis used to compute the depreciation deduction for

1 federal income tax purposes.

2 (4) If the basis of the property for federal income
3 tax depreciation purposes is increased after it has been
4 placed in service in the Enterprise Zone by the taxpayer,
5 the amount of such increase shall be deemed property
6 placed in service on the date of such increase in basis.

7 (5) The term "placed in service" shall have the
8 same meaning as under Section 46 of the Internal Revenue
9 Code.

10 (6) If during any taxable year, any property ceases
11 to be qualified property in the hands of the taxpayer
12 within 48 months after being placed in service, or the
13 situs of any qualified property is moved outside the
14 Enterprise Zone within 48 months after being placed in
15 service, the tax imposed under subsections (a) and (b) of
16 this Section for such taxable year shall be increased.
17 Such increase shall be determined by (i) recomputing the
18 investment credit which would have been allowed for the
19 year in which credit for such property was originally
20 allowed by eliminating such property from such
21 computation, and (ii) subtracting such recomputed credit
22 from the amount of credit previously allowed. For the
23 purposes of this paragraph (6), a reduction of the basis
24 of qualified property resulting from a redetermination of
25 the purchase price shall be deemed a disposition of
26 qualified property to the extent of such reduction.

27 (g) Jobs Tax Credit; Enterprise Zone and Foreign Trade
28 Zone or Sub-Zone.

29 (1) A taxpayer conducting a trade or business in an
30 enterprise zone or a High Impact Business designated by
31 the Department of Commerce and Community Affairs
32 conducting a trade or business in a federally designated
33 Foreign Trade Zone or Sub-Zone shall be allowed a credit
34 against the tax imposed by subsections (a) and (b) of

1 this Section in the amount of \$500 per eligible employee
2 hired to work in the zone during the taxable year.

3 (2) To qualify for the credit:

4 (A) the taxpayer must hire 5 or more eligible
5 employees to work in an enterprise zone or federally
6 designated Foreign Trade Zone or Sub-Zone during the
7 taxable year;

8 (B) the taxpayer's total employment within the
9 enterprise zone or federally designated Foreign
10 Trade Zone or Sub-Zone must increase by 5 or more
11 full-time employees beyond the total employed in
12 that zone at the end of the previous tax year for
13 which a jobs tax credit under this Section was
14 taken, or beyond the total employed by the taxpayer
15 as of December 31, 1985, whichever is later; and

16 (C) the eligible employees must be employed
17 180 consecutive days in order to be deemed hired for
18 purposes of this subsection.

19 (3) An "eligible employee" means an employee who
20 is:

21 (A) Certified by the Department of Commerce
22 and Community Affairs as "eligible for services"
23 pursuant to regulations promulgated in accordance
24 with Title II of the Job Training Partnership Act,
25 Training Services for the Disadvantaged or Title III
26 of the Job Training Partnership Act, Employment and
27 Training Assistance for Dislocated Workers Program.

28 (B) Hired after the enterprise zone or
29 federally designated Foreign Trade Zone or Sub-Zone
30 was designated or the trade or business was located
31 in that zone, whichever is later.

32 (C) Employed in the enterprise zone or Foreign
33 Trade Zone or Sub-Zone. An employee is employed in
34 an enterprise zone or federally designated Foreign

1 Trade Zone or Sub-Zone if his services are rendered
2 there or it is the base of operations for the
3 services performed.

4 (D) A full-time employee working 30 or more
5 hours per week.

6 (4) For tax years ending on or after December 31,
7 1985 and prior to December 31, 1988, the credit shall be
8 allowed for the tax year in which the eligible employees
9 are hired. For tax years ending on or after December 31,
10 1988, the credit shall be allowed for the tax year
11 immediately following the tax year in which the eligible
12 employees are hired. If the amount of the credit exceeds
13 the tax liability for that year, whether it exceeds the
14 original liability or the liability as later amended,
15 such excess may be carried forward and applied to the tax
16 liability of the 5 taxable years following the excess
17 credit year. The credit shall be applied to the earliest
18 year for which there is a liability. If there is credit
19 from more than one tax year that is available to offset a
20 liability, earlier credit shall be applied first.

21 (5) The Department of Revenue shall promulgate such
22 rules and regulations as may be deemed necessary to carry
23 out the purposes of this subsection (g).

24 (6) The credit shall be available for eligible
25 employees hired on or after January 1, 1986.

26 (h) Investment credit; High Impact Business.

27 (1) Subject to subsections (b) and (b-5) of Section
28 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall
29 be allowed a credit against the tax imposed by
30 subsections (a) and (b) of this Section for investment in
31 qualified property which is placed in service by a
32 Department of Commerce and Community Affairs designated
33 High Impact Business. The credit shall be .5% of the
34 basis for such property. The credit shall not be

1 available (i) until the minimum investments in qualified
2 property set forth in subdivision (a)(3)(A) of Section
3 5.5 of the Illinois Enterprise Zone Act have been
4 satisfied or (ii) until the time authorized in subsection
5 (b-5) of the Illinois Enterprise Zone Act for entities
6 designated as High Impact Businesses under subdivisions
7 (a)(3)(B), (a)(3)(C), and (a)(3)(D) of Section 5.5 of the
8 Illinois Enterprise Zone Act, and shall not be allowed to
9 the extent that it would reduce a taxpayer's liability
10 for the tax imposed by subsections (a) and (b) of this
11 Section to below zero. The credit applicable to such
12 investments shall be taken in the taxable year in which
13 such investments have been completed. The credit for
14 additional investments beyond the minimum investment by a
15 designated high impact business authorized under
16 subdivision (a)(3)(A) of Section 5.5 of the Illinois
17 Enterprise Zone Act shall be available only in the
18 taxable year in which the property is placed in service
19 and shall not be allowed to the extent that it would
20 reduce a taxpayer's liability for the tax imposed by
21 subsections (a) and (b) of this Section to below zero.
22 For tax years ending on or after December 31, 1987, the
23 credit shall be allowed for the tax year in which the
24 property is placed in service, or, if the amount of the
25 credit exceeds the tax liability for that year, whether
26 it exceeds the original liability or the liability as
27 later amended, such excess may be carried forward and
28 applied to the tax liability of the 5 taxable years
29 following the excess credit year. The credit shall be
30 applied to the earliest year for which there is a
31 liability. If there is credit from more than one tax
32 year that is available to offset a liability, the credit
33 accruing first in time shall be applied first.

34 Changes made in this subdivision (h)(1) by Public

1 Act 88-670 restore changes made by Public Act 85-1182 and
2 reflect existing law.

3 (2) The term qualified property means property
4 which:

5 (A) is tangible, whether new or used,
6 including buildings and structural components of
7 buildings;

8 (B) is depreciable pursuant to Section 167 of
9 the Internal Revenue Code, except that "3-year
10 property" as defined in Section 168(c)(2)(A) of that
11 Code is not eligible for the credit provided by this
12 subsection (h);

13 (C) is acquired by purchase as defined in
14 Section 179(d) of the Internal Revenue Code; and

15 (D) is not eligible for the Enterprise Zone
16 Investment Credit provided by subsection (f) of this
17 Section.

18 (3) The basis of qualified property shall be the
19 basis used to compute the depreciation deduction for
20 federal income tax purposes.

21 (4) If the basis of the property for federal income
22 tax depreciation purposes is increased after it has been
23 placed in service in a federally designated Foreign Trade
24 Zone or Sub-Zone located in Illinois by the taxpayer, the
25 amount of such increase shall be deemed property placed
26 in service on the date of such increase in basis.

27 (5) The term "placed in service" shall have the
28 same meaning as under Section 46 of the Internal Revenue
29 Code.

30 (6) If during any taxable year ending on or before
31 December 31, 1996, any property ceases to be qualified
32 property in the hands of the taxpayer within 48 months
33 after being placed in service, or the situs of any
34 qualified property is moved outside Illinois within 48

1 months after being placed in service, the tax imposed
2 under subsections (a) and (b) of this Section for such
3 taxable year shall be increased. Such increase shall be
4 determined by (i) recomputing the investment credit which
5 would have been allowed for the year in which credit for
6 such property was originally allowed by eliminating such
7 property from such computation, and (ii) subtracting such
8 recomputed credit from the amount of credit previously
9 allowed. For the purposes of this paragraph (6), a
10 reduction of the basis of qualified property resulting
11 from a redetermination of the purchase price shall be
12 deemed a disposition of qualified property to the extent
13 of such reduction.

14 (7) Beginning with tax years ending after December
15 31, 1996, if a taxpayer qualifies for the credit under
16 this subsection (h) and thereby is granted a tax
17 abatement and the taxpayer relocates its entire facility
18 in violation of the explicit terms and length of the
19 contract under Section 18-183 of the Property Tax Code,
20 the tax imposed under subsections (a) and (b) of this
21 Section shall be increased for the taxable year in which
22 the taxpayer relocated its facility by an amount equal to
23 the amount of credit received by the taxpayer under this
24 subsection (h).

25 (i) Credit for Personal Property Tax Replacement Income
26 Tax. A credit shall be allowed against the tax imposed by
27 subsections (a) and (b) of this Section for the tax imposed
28 by subsections (c) and (d) of this Section. This credit
29 shall be computed by multiplying the tax imposed by
30 subsections (c) and (d) of this Section by a fraction, the
31 numerator of which is base income allocable to Illinois and
32 the denominator of which is Illinois base income, and further
33 multiplying the product by the tax rate imposed by
34 subsections (a) and (b) of this Section.

1 Any credit earned on or after December 31, 1986 under
2 this subsection which is unused in the year the credit is
3 computed because it exceeds the tax liability imposed by
4 subsections (a) and (b) for that year (whether it exceeds the
5 original liability or the liability as later amended) may be
6 carried forward and applied to the tax liability imposed by
7 subsections (a) and (b) of the 5 taxable years following the
8 excess credit year. This credit shall be applied first to
9 the earliest year for which there is a liability. If there
10 is a credit under this subsection from more than one tax year
11 that is available to offset a liability the earliest credit
12 arising under this subsection shall be applied first.

13 If, during any taxable year ending on or after December
14 31, 1986, the tax imposed by subsections (c) and (d) of this
15 Section for which a taxpayer has claimed a credit under this
16 subsection (i) is reduced, the amount of credit for such tax
17 shall also be reduced. Such reduction shall be determined by
18 recomputing the credit to take into account the reduced tax
19 imposed by subsections ~~subsectien~~ (c) and (d). If any
20 portion of the reduced amount of credit has been carried to a
21 different taxable year, an amended return shall be filed for
22 such taxable year to reduce the amount of credit claimed.

23 (j) Training expense credit. Beginning with tax years
24 ending on or after December 31, 1986, a taxpayer shall be
25 allowed a credit against the tax imposed by subsections
26 ~~subsectien~~ (a) and (b) under this Section for all amounts
27 paid or accrued, on behalf of all persons employed by the
28 taxpayer in Illinois or Illinois residents employed outside
29 of Illinois by a taxpayer, for educational or vocational
30 training in semi-technical or technical fields or
31 semi-skilled or skilled fields, which were deducted from
32 gross income in the computation of taxable income. The
33 credit against the tax imposed by subsections (a) and (b)
34 shall be 1.6% of such training expenses. For partners,

1 shareholders of subchapter S corporations, and owners of
2 limited liability companies, if the liability company is
3 treated as a partnership for purposes of federal and State
4 income taxation, there shall be allowed a credit under this
5 subsection (j) to be determined in accordance with the
6 determination of income and distributive share of income
7 under Sections 702 and 704 and subchapter S of the Internal
8 Revenue Code.

9 Any credit allowed under this subsection which is unused
10 in the year the credit is earned may be carried forward to
11 each of the 5 taxable years following the year for which the
12 credit is first computed until it is used. This credit shall
13 be applied first to the earliest year for which there is a
14 liability. If there is a credit under this subsection from
15 more than one tax year that is available to offset a
16 liability the earliest credit arising under this subsection
17 shall be applied first.

18 (k) Research and development credit.

19 Beginning with tax years ending after July 1, 1990, a
20 taxpayer shall be allowed a credit against the tax imposed by
21 subsections (a) and (b) of this Section for increasing
22 research activities in this State. The credit allowed
23 against the tax imposed by subsections (a) and (b) shall be
24 equal to 6 1/2% of the qualifying expenditures for increasing
25 research activities in this State. For partners,
26 shareholders of subchapter S corporations, and owners of
27 limited liability companies, if the liability company is
28 treated as a partnership for purposes of federal and State
29 income taxation, there shall be allowed a credit under this
30 subsection to be determined in accordance with the
31 determination of income and distributive share of income
32 under Sections 702 and 704 and subchapter S of the Internal
33 Revenue Code.

34 For purposes of this subsection, "qualifying

1 expenditures" means the qualifying expenditures as defined
2 for the federal credit for increasing research activities
3 which would be allowable under Section 41 of the Internal
4 Revenue Code and which are conducted in this State,
5 "qualifying expenditures for increasing research activities
6 in this State" means the excess of qualifying expenditures
7 for the taxable year in which incurred over qualifying
8 expenditures for the base period, "qualifying expenditures
9 for the base period" means the average of the qualifying
10 expenditures for each year in the base period, and "base
11 period" means the 3 taxable years immediately preceding the
12 taxable year for which the determination is being made.

13 Any credit in excess of the tax liability for the taxable
14 year may be carried forward. A taxpayer may elect to have the
15 unused credit shown on its final completed return carried
16 over as a credit against the tax liability for the following
17 5 taxable years or until it has been fully used, whichever
18 occurs first.

19 If an unused credit is carried forward to a given year
20 from 2 or more earlier years, that credit arising in the
21 earliest year will be applied first against the tax liability
22 for the given year. If a tax liability for the given year
23 still remains, the credit from the next earliest year will
24 then be applied, and so on, until all credits have been used
25 or no tax liability for the given year remains. Any
26 remaining unused credit or credits then will be carried
27 forward to the next following year in which a tax liability
28 is incurred, except that no credit can be carried forward to
29 a year which is more than 5 years after the year in which the
30 expense for which the credit is given was incurred.

31 Unless extended by law, the credit shall not include
32 costs incurred after December 31, 2004, except for costs
33 incurred pursuant to a binding contract entered into on or
34 before December 31, 2004.

1 No inference shall be drawn from this amendatory Act of
2 the 91st General Assembly in construing this Section for
3 taxable years beginning before January 1, 1999.

4 (1) Environmental Remediation Tax Credit.

5 (i) For tax years ending after December 31, 1997
6 and on or before December 31, 2001, a taxpayer shall be
7 allowed a credit against the tax imposed by subsections
8 (a) and (b) of this Section for certain amounts paid for
9 unreimbursed eligible remediation costs, as specified in
10 this subsection. For purposes of this Section,
11 "unreimbursed eligible remediation costs" means costs
12 approved by the Illinois Environmental Protection Agency
13 ("Agency") under Section 58.14 of the Environmental
14 Protection Act that were paid in performing environmental
15 remediation at a site for which a No Further Remediation
16 Letter was issued by the Agency and recorded under
17 Section 58.10 of the Environmental Protection Act. The
18 credit must be claimed for the taxable year in which
19 Agency approval of the eligible remediation costs is
20 granted. The credit is not available to any taxpayer if
21 the taxpayer or any related party caused or contributed
22 to, in any material respect, a release of regulated
23 substances on, in, or under the site that was identified
24 and addressed by the remedial action pursuant to the Site
25 Remediation Program of the Environmental Protection Act.
26 After the Pollution Control Board rules are adopted
27 pursuant to the Illinois Administrative Procedure Act for
28 the administration and enforcement of Section 58.9 of the
29 Environmental Protection Act, determinations as to credit
30 availability for purposes of this Section shall be made
31 consistent with those rules. For purposes of this
32 Section, "taxpayer" includes a person whose tax
33 attributes the taxpayer has succeeded to under Section
34 381 of the Internal Revenue Code and "related party"

1 includes the persons disallowed a deduction for losses by
2 paragraphs (b), (c), and (f)(1) of Section 267 of the
3 Internal Revenue Code by virtue of being a related
4 taxpayer, as well as any of its partners. The credit
5 allowed against the tax imposed by subsections (a) and
6 (b) shall be equal to 25% of the unreimbursed eligible
7 remediation costs in excess of \$100,000 per site, except
8 that the \$100,000 threshold shall not apply to any site
9 contained in an enterprise zone as determined by the
10 Department of Commerce and Community Affairs. The total
11 credit allowed shall not exceed \$40,000 per year with a
12 maximum total of \$150,000 per site. For partners and
13 shareholders of subchapter S corporations, there shall be
14 allowed a credit under this subsection to be determined
15 in accordance with the determination of income and
16 distributive share of income under Sections 702 and 704
17 and subchapter S of the Internal Revenue Code.

18 (ii) A credit allowed under this subsection that is
19 unused in the year the credit is earned may be carried
20 forward to each of the 5 taxable years following the year
21 for which the credit is first earned until it is used.
22 The term "unused credit" does not include any amounts of
23 unreimbursed eligible remediation costs in excess of the
24 maximum credit per site authorized under paragraph (i).
25 This credit shall be applied first to the earliest year
26 for which there is a liability. If there is a credit
27 under this subsection from more than one tax year that is
28 available to offset a liability, the earliest credit
29 arising under this subsection shall be applied first. A
30 credit allowed under this subsection may be sold to a
31 buyer as part of a sale of all or part of the remediation
32 site for which the credit was granted. The purchaser of
33 a remediation site and the tax credit shall succeed to
34 the unused credit and remaining carry-forward period of

1 the seller. To perfect the transfer, the assignor shall
2 record the transfer in the chain of title for the site
3 and provide written notice to the Director of the
4 Illinois Department of Revenue of the assignor's intent
5 to sell the remediation site and the amount of the tax
6 credit to be transferred as a portion of the sale. In no
7 event may a credit be transferred to any taxpayer if the
8 taxpayer or a related party would not be eligible under
9 the provisions of subsection (i).

10 (iii) For purposes of this Section, the term "site"
11 shall have the same meaning as under Section 58.2 of the
12 Environmental Protection Act.

13 (m) Education expense credit.

14 Beginning with tax years ending after December 31, 1999,
15 a taxpayer who is the custodian of one or more qualifying
16 pupils shall be allowed a credit against the tax imposed by
17 subsections (a) and (b) of this Section for qualified
18 education expenses incurred on behalf of the qualifying
19 pupils. The credit shall be equal to 25% of qualified
20 education expenses, but in no event may the total credit
21 under this Section claimed by a family that is the custodian
22 of qualifying pupils exceed \$500. In no event shall a credit
23 under this subsection reduce the taxpayer's liability under
24 this Act to less than zero. This subsection is exempt from
25 the provisions of Section 250 of this Act.

26 For purposes of this subsection:†

27 "Qualifying pupils" means individuals who (i) are
28 residents of the State of Illinois, (ii) are under the age of
29 21 at the close of the school year for which a credit is
30 sought, and (iii) during the school year for which a credit
31 is sought were full-time pupils enrolled in a kindergarten
32 through twelfth grade education program at any school, as
33 defined in this subsection.

34 "Qualified education expense" means the amount incurred

1 on behalf of a qualifying pupil in excess of \$250 for
2 tuition, book fees, and lab fees at the school in which the
3 pupil is enrolled during the regular school year.

4 "School" means any public or nonpublic elementary or
5 secondary school in Illinois that is in compliance with Title
6 VI of the Civil Rights Act of 1964 and attendance at which
7 satisfies the requirements of Section 26-1 of the School
8 Code, except that nothing shall be construed to require a
9 child to attend any particular public or nonpublic school to
10 qualify for the credit under this Section.

11 "Custodian" means, with respect to qualifying pupils, an
12 Illinois resident who is a parent, the parents, a legal
13 guardian, or the legal guardians of the qualifying pupils.

14 (Source: P.A. 91-9, eff. 1-1-00; 91-357, eff. 7-29-99;
15 91-643, eff. 8-20-99; 91-644, eff. 8-20-99; 91-860, eff.
16 6-22-00; 91-913, eff. 1-1-01; 92-12, eff. 7-1-01; 92-16, eff.
17 6-28-01; revised 12-3-01.)

18 (35 ILCS 5/211)

19 Sec. 211. Economic Development for a Growing Economy Tax
20 Credit. For tax years beginning on or after January 1, 1999
21 and ending on or before June 30, 2004, a Taxpayer who has
22 entered into an Agreement under the Economic Development for
23 a Growing Economy Tax Credit Act is entitled to a credit
24 against the taxes imposed under subsections (a) and (b) of
25 Section 201 of this Act in an amount to be determined in the
26 Agreement. If the Taxpayer is a partnership or Subchapter S
27 corporation, the credit shall be allowed to the partners or
28 shareholders in accordance with the determination of income
29 and distributive share of income under Sections 702 and 704
30 and subchapter S of the Internal Revenue Code. The
31 Department, in cooperation with the Department of Commerce
32 and Community Affairs, shall prescribe rules to enforce and
33 administer the provisions of this Section. ~~This--Section--is~~

1 ~~exempt from the provisions of Section 250 of this Act.~~

2 The credit shall be subject to the conditions set forth
3 in the Agreement and the following limitations:

4 (1) The tax credit shall not exceed the Incremental
5 Income Tax (as defined in Section 5-5 of the Economic
6 Development for a Growing Economy Tax Credit Act) with
7 respect to the project.

8 (2) The amount of the credit allowed during the tax
9 year plus the sum of all amounts allowed in prior years
10 shall not exceed 100% of the aggregate amount expended by
11 the Taxpayer during all prior tax years on approved costs
12 defined by Agreement.

13 (3) The amount of the credit shall be determined on
14 an annual basis. Except as applied in a carryover year
15 pursuant to Section 211(4) of this Act, the credit may
16 not be applied against any State income tax liability in
17 more than 10 taxable years; provided, however, that (i)
18 an eligible business certified by the Department of
19 Commerce and Community Affairs under the Corporate
20 Headquarters Relocation Act may not apply the credit
21 against any of its State income tax liability in more
22 than 15 taxable years and (ii) credits allowed to that
23 eligible business are subject to the conditions and
24 requirements set forth in Sections 5-35 and 5-45 of the
25 Economic Development for a Growing Economy Tax Credit
26 Act.

27 (4) The credit may not exceed the amount of taxes
28 imposed pursuant to subsections (a) and (b) of Section
29 201 of this Act. Any credit that is unused in the year
30 the credit is computed may be carried forward and applied
31 to the tax liability of the 5 taxable years following the
32 excess credit year. The credit shall be applied to the
33 earliest year for which there is a tax liability. If
34 there are credits from more than one tax year that are

1 available to offset a liability, the earlier credit shall
2 be applied first.

3 (5) No credit shall be allowed with respect to any
4 Agreement for any taxable year ending after the
5 Noncompliance Date. Upon receiving notification by the
6 Department of Commerce and Community Affairs of the
7 noncompliance of a Taxpayer with an Agreement, the
8 Department shall notify the Taxpayer that no credit is
9 allowed with respect to that Agreement for any taxable
10 year ending after the Noncompliance Date, as stated in
11 such notification. If any credit has been allowed with
12 respect to an Agreement for a taxable year ending after
13 the Noncompliance Date for that Agreement, any refund
14 paid to the Taxpayer for that taxable year shall, to the
15 extent of that credit allowed, be an erroneous refund
16 within the meaning of Section 912 of this Act.

17 (6) For purposes of this Section, the terms
18 "Agreement", "Incremental Income Tax", and
19 "Noncompliance Date" have the same meaning as when used
20 in the Economic Development for a Growing Economy Tax
21 Credit Act.

22 (Source: P.A. 91-476, eff. 8-11-99; 92-207, eff. 8-1-01.)

23 Section 10. The Use Tax Act is amended by changing
24 Sections 3-5 and 3-55 as follows:

25 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

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

28 (1) Personal property purchased from a corporation,
29 society, association, foundation, institution, or
30 organization, other than a limited liability company, that is
31 organized and operated as a not-for-profit service enterprise
32 for the benefit of persons 65 years of age or older if the

1 personal property was not purchased by the enterprise for the
2 purpose of resale by the enterprise.

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

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

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

1 Department.

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

5 (6) Graphic arts machinery and equipment, including
6 repair and replacement parts, both new and used, and
7 including that manufactured on special order, certified by
8 the purchaser to be used primarily for graphic arts
9 production, and including machinery and equipment purchased
10 for lease. Equipment includes chemicals or chemicals acting
11 as catalysts but only if the chemicals or chemicals acting as
12 catalysts effect a direct and immediate change upon a graphic
13 arts product.

14 (7) Farm chemicals.

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

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

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

33 (11) Farm machinery and equipment, both new and used,
34 including that manufactured on special order, certified by

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

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

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

34 (12) Fuel and petroleum products sold to or used by an

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

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

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

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

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

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

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

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

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

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

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

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

7 (24) 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 (25) 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 (26) 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 3-90.

2 (27) A motor vehicle, as that term is defined in Section
3 1-146 of the Illinois Vehicle Code, that is donated to a
4 corporation, limited liability company, society, association,
5 foundation, or institution that is determined by the
6 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 (28) Beginning January 1, 2000 and through June 30,
22 2004, personal property, including food, purchased through
23 fundraising events for the benefit of a public or private
24 elementary or secondary school, a group of those schools, or
25 one or more school districts if the events are sponsored by
26 an entity recognized by the school district that consists
27 primarily of volunteers and includes parents and teachers of
28 the school children. This paragraph does not apply to
29 fundraising events (i) for the benefit of private home
30 instruction or (ii) for which the fundraising entity
31 purchases the personal property sold at the events from
32 another individual or entity that sold the property for the
33 purpose of resale by the fundraising entity and that profits
34 from the sale to the fundraising entity. ~~This paragraph is~~

1 ~~exempt from the provisions of Section 3-90.~~

2 (29) Beginning January 1, 2000 and through December 31,
3 2001, new or used automatic vending machines that prepare and
4 serve hot food and beverages, including coffee, soup, and
5 other items, and replacement parts for these machines.
6 Beginning January 1, 2002 and through June 30, 2004, machines
7 and parts for machines used in commercial, coin-operated
8 amusement and vending business if a use or occupation tax is
9 paid on the gross receipts derived from the use of the
10 commercial, coin-operated amusement and vending machines.
11 ~~This paragraph is exempt from the provisions of Section 3-90.~~

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

22 (31) Beginning on the effective date of this amendatory
23 Act of the 92nd General Assembly and through June 30, 2004,
24 computers and communications equipment utilized for any
25 hospital purpose and equipment used in the diagnosis,
26 analysis, or treatment of hospital patients purchased by a
27 lessor who leases the equipment, under a lease of one year or
28 longer executed or in effect at the time the lessor would
29 otherwise be subject to the tax imposed by this Act, 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. If the equipment is
33 leased in a manner that does not qualify for this exemption
34 or is used in any other nonexempt manner, the lessor shall be

1 liable for the tax imposed under this Act or the Service Use
2 Tax Act, as the case may be, based on the fair market value
3 of the property at the time the nonqualifying use occurs. No
4 lessor shall collect or attempt to collect an amount (however
5 designated) that purports to reimburse that lessor for the
6 tax imposed by this Act or the Service Use Tax Act, as the
7 case may be, if the tax has not been paid by the lessor. If
8 a lessor improperly collects any such amount from the lessee,
9 the lessee shall have a legal right to claim a refund of that
10 amount from the lessor. If, however, that amount is not
11 refunded to the lessee for any reason, the lessor is liable
12 to pay that amount to the Department. ~~This paragraph is~~
13 ~~exempt from the provisions of Section 3-90.~~

14 (32) Beginning on the effective date of this amendatory
15 Act of the 92nd General Assembly and through June 30, 2004,
16 personal property purchased by a lessor who leases the
17 property, under a lease of one year or longer executed or in
18 effect at the time the lessor would otherwise be subject to
19 the tax imposed by this Act, to a governmental body that has
20 been issued an active sales tax exemption identification
21 number by the Department under Section 1g of the Retailers'
22 Occupation Tax Act. If the property is leased in a manner
23 that does not qualify for this exemption or used in any other
24 nonexempt manner, the lessor shall be liable for the tax
25 imposed under this Act or the Service Use Tax Act, as the
26 case may be, based on the fair market value of the property
27 at the time the nonqualifying use occurs. No lessor shall
28 collect or attempt to collect an amount (however designated)
29 that purports to reimburse that lessor for the tax imposed by
30 this Act or the Service Use Tax Act, as the case may be, if
31 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. ~~This paragraph is~~
3 ~~exempt from the provisions of Section 3-90.~~

4 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
5 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
6 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,
7 eff. 8-20-99; 91-901, eff. 1-1-01; 92-35, eff. 7-1-01;
8 92-227, eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff.
9 8-23-01; revised 10-10-01.)

10 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

11 Sec. 3-55. Multistate exemption. The tax imposed by
12 this Act does not apply to the use of tangible personal
13 property in this State under the following circumstances:

14 (a) The use, in this State, of tangible personal
15 property acquired outside this State by a nonresident
16 individual and brought into this State by the individual for
17 his or her own use while temporarily within this State or
18 while passing through this State.

19 (b) The use, in this State, of tangible personal
20 property by an interstate carrier for hire as rolling stock
21 moving in interstate commerce or by lessors under a lease of
22 one year or longer executed or in effect at the time of
23 purchase of tangible personal property by interstate carriers
24 for-hire for use as rolling stock moving in interstate
25 commerce as long as so used by the interstate carriers
26 for-hire, and equipment operated by a telecommunications
27 provider, licensed as a common carrier by the Federal
28 Communications Commission, which is permanently installed in
29 or affixed to aircraft moving in interstate commerce.

30 (c) The use, in this State, by owners, lessors, or
31 shippers of tangible personal property that is utilized by
32 interstate carriers for hire for use as rolling stock moving
33 in interstate commerce as long as so used by the interstate

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

6 (d) The use, in this State, of tangible personal
7 property that is acquired outside this State and caused to be
8 brought into this State by a person who has already paid a
9 tax in another State in respect to the sale, purchase, or use
10 of that property, to the extent of the amount of the tax
11 properly due and paid in the other State.

12 (e) The temporary storage, in this State, of tangible
13 personal property that is acquired outside this State and
14 that, after being brought into this State and stored here
15 temporarily, is used solely outside this State or is
16 physically attached to or incorporated into other tangible
17 personal property that is used solely outside this State, or
18 is altered by converting, fabricating, manufacturing,
19 printing, processing, or shaping, and, as altered, is used
20 solely outside this State.

21 (f) The temporary storage in this State of building
22 materials and fixtures that are acquired either in this State
23 or outside this State by an Illinois registered combination
24 retailer and construction contractor, and that the purchaser
25 thereafter uses outside this State by incorporating that
26 property into real estate located outside this State.

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

1 (h) The use, in this State, of a motor vehicle that was
2 sold in this State to a nonresident, even though the motor
3 vehicle is delivered to the nonresident in this State, if the
4 motor vehicle is not to be titled in this State, and if a
5 driveaway decal permit is issued to the motor vehicle as
6 provided in Section 3-603 of the Illinois Vehicle Code or if
7 the nonresident purchaser has vehicle registration plates to
8 transfer to the motor vehicle upon returning to his or her
9 home state. The issuance of the driveaway decal permit or
10 having the out-of-state registration plates to be transferred
11 shall be prima facie evidence that the motor vehicle will not
12 be titled in this State.

13 (i) Beginning July 1, 1999, the use, in this State, of
14 fuel acquired outside this State and brought into this State
15 in the fuel supply tanks of locomotives engaged in freight
16 hauling and passenger service for interstate commerce. This
17 subsection is exempt from the provisions of Section 3-90.

18 (j) Beginning on January 1, 2002 and through June 30,
19 2004, the use of tangible personal property purchased from an
20 Illinois retailer by a taxpayer engaged in centralized
21 purchasing activities in Illinois who will, upon receipt of
22 the property in Illinois, temporarily store the property in
23 Illinois (i) for the purpose of subsequently transporting it
24 outside this State for use or consumption thereafter solely
25 outside this State or (ii) for the purpose of being
26 processed, fabricated, or manufactured into, attached to, or
27 incorporated into other tangible personal property to be
28 transported outside this State and thereafter used or
29 consumed solely outside this State. The Director of Revenue
30 shall, pursuant to rules adopted in accordance with the
31 Illinois Administrative Procedure Act, issue a permit to any
32 taxpayer in good standing with the Department who is eligible
33 for the exemption under this subsection (j). The permit
34 issued under this subsection (j) shall authorize the holder,

1 to the extent and in the manner specified in the rules
2 adopted under this Act, to purchase tangible personal
3 property from a retailer exempt from the taxes imposed by
4 this Act. Taxpayers shall maintain all necessary books and
5 records to substantiate the use and consumption of all such
6 tangible personal property outside of the State of Illinois.
7 (Source: P.A. 91-51, eff. 6-30-99; 91-313, eff. 7-29-99;
8 91-587, eff. 8-14-99; 92-16, eff. 6-28-01; 92-488, eff.
9 8-23-01.)

10 Section 15. The Service Use Tax Act is amended by
11 changing Sections 3-5 and 3-45 as follows:

12 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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

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

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

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

1 orchestras and theatrical groups, arts and cultural service
2 organizations, local arts councils, visual arts
3 organizations, and media arts organizations. On and after the
4 effective date of this amendatory Act of the 92nd General
5 Assembly, however, an entity otherwise eligible for this
6 exemption shall not make tax-free purchases unless it has an
7 active identification number issued by the Department.

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. Equipment includes chemicals or
17 chemicals acting as catalysts but only if the chemicals or
18 chemicals acting as catalysts effect a direct and immediate
19 change upon a graphic arts product.

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

23 (7) 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
33 Code, but excluding other motor vehicles required to be
34 registered under the Illinois Vehicle Code. Horticultural

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

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

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

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

31 (9) Proceeds of mandatory service charges separately
32 stated on customers' bills for the purchase and consumption
33 of food and beverages acquired as an incident to the purchase
34 of a service from a serviceman, to the extent that the

1 proceeds of the service charge are in fact turned over as
2 tips or as a substitute for tips to the employees who
3 participate directly in preparing, serving, hosting or
4 cleaning up the food or beverage function with respect to
5 which the service charge is imposed.

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

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

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

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

28 (14) 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 (15) Computers and communications equipment utilized for

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

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

1 or attempt to collect an amount (however designated) that
2 purports to reimburse that lessor for the tax imposed by this
3 Act or the Use Tax Act, as the case may be, if the tax has
4 not been paid by the lessor. If a lessor improperly collects
5 any such amount from the lessee, the lessee shall have a
6 legal right to claim a refund of that amount from the lessor.
7 If, however, that amount is not refunded to the lessee for
8 any reason, the lessor is liable to pay that amount to the
9 Department.

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

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

33 (19) Beginning July 1, 1999, game or game birds
34 purchased at a "game breeding and hunting preserve area" or

1 an "exotic game hunting area" as those terms are used in the
2 Wildlife Code or at a hunting enclosure approved through
3 rules adopted by the Department of Natural Resources. This
4 paragraph is exempt from the provisions of Section 3-75.

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

24 (21) Beginning January 1, 2000 and through June 30,
25 2004, personal property, including food, purchased through
26 fundraising events for the benefit of a public or private
27 elementary or secondary school, a group of those schools, or
28 one or more school districts if the events are sponsored by
29 an entity recognized by the school district that consists
30 primarily of volunteers and includes parents and teachers of
31 the school children. This paragraph does not apply to
32 fundraising events (i) for the benefit of private home
33 instruction or (ii) for which the fundraising entity
34 purchases the personal property sold at the events from

1 another individual or entity that sold the property for the
2 purpose of resale by the fundraising entity and that profits
3 from the sale to the fundraising entity. ~~This paragraph is~~
4 ~~exempt from the provisions of Section 3-75.~~

5 (22) Beginning January 1, 2000 and through December 31,
6 2001, new or used automatic vending machines that prepare and
7 serve hot food and beverages, including coffee, soup, and
8 other items, and replacement parts for these machines.
9 Beginning January 1, 2002 and through June 30, 2004, machines
10 and parts for machines used in commercial, coin-operated
11 amusement and vending business if a use or occupation tax is
12 paid on the gross receipts derived from the use of the
13 commercial, coin-operated amusement and vending machines.
14 ~~This paragraph is exempt from the provisions of Section 3-75.~~

15 (23) 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 (24) ~~(23)~~ Beginning on the effective date of this
26 amendatory Act of the 92nd General Assembly and through June
27 30, 2004, computers and communications equipment utilized for
28 any hospital purpose and equipment used in the diagnosis,
29 analysis, or treatment of hospital patients purchased by a
30 lessor who leases the equipment, under a lease of one year or
31 longer executed or in effect at the time the lessor would
32 otherwise be subject to the tax imposed by this Act, to a
33 hospital that has been issued an active tax exemption
34 identification number by the Department under Section 1g of

1 the Retailers' Occupation Tax Act. If the equipment is
2 leased in a manner that does not qualify for this exemption
3 or is used in any other nonexempt manner, the lessor shall be
4 liable for the tax imposed under this Act or the Use Tax Act,
5 as the case may be, based on the fair market value of the
6 property at the time the nonqualifying use occurs. No lessor
7 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 Use Tax Act, as the case may
10 be, if the tax has not been paid by the lessor. If a lessor
11 improperly collects any such amount from the lessee, the
12 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. ~~This--paragraph--is~~
16 ~~exempt-from-the-provisions-of-Section-3-75.~~

17 (25) (24) Beginning on the effective date of this
18 amendatory Act of the 92nd General Assembly and through June
19 30, 2004, personal property purchased by a lessor who leases
20 the property, under a lease of one year or longer executed or
21 in effect at the time the lessor would otherwise be subject
22 to the tax imposed by this Act, to a governmental body that
23 has been issued an active tax exemption identification number
24 by the Department under Section 1g of the Retailers'
25 Occupation Tax Act. If the property is leased in a manner
26 that does not qualify for this exemption or is used in any
27 other nonexempt manner, the lessor shall be liable for the
28 tax imposed under this Act or the Use Tax Act, as the case
29 may be, based on the fair market value of the property at the
30 time the nonqualifying use occurs. No lessor shall collect
31 or attempt to collect an amount (however designated) that
32 purports to reimburse that lessor for the tax imposed by this
33 Act or the Use Tax Act, as the case may be, if the tax has
34 not been paid by the lessor. If a lessor improperly collects

1 any such amount from the lessee, the lessee shall have a
 2 legal right to claim a refund of that amount from the lessor.
 3 If, however, that amount is not refunded to the lessee for
 4 any reason, the lessor is liable to pay that amount to the
 5 Department. ~~This paragraph is exempt from the provisions of~~
 6 ~~Section 3-75.~~

7 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
 8 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644, eff.
 9 8-20-99; 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
 10 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
 11 revised 10-10-01.)

12 (35 ILCS 110/3-45) (from Ch. 120, par. 439.33-45)

13 Sec. 3-45. Multistate exemption. The tax imposed by
 14 this Act does not apply to the use of tangible personal
 15 property in this State under the following circumstances:

16 (a) The use, in this State, of property acquired outside
 17 this State by a nonresident individual and brought into this
 18 State by the individual for his or her own use while
 19 temporarily within this State or while passing through this
 20 State.

21 (b) The use, in this State, of property that is acquired
 22 outside this State and that is moved into this State for use
 23 as rolling stock moving in interstate commerce.

24 (c) The use, in this State, of property that is acquired
 25 outside this State and caused to be brought into this State
 26 by a person who has already paid a tax in another state in
 27 respect to the sale, purchase, or use of that property, to
 28 the extent of the amount of the tax properly due and paid in
 29 the other state.

30 (d) The temporary storage, in this State, of property
 31 that is acquired outside this State and that after being
 32 brought into this State and stored here temporarily, is used
 33 solely outside this State or is physically attached to or

1 incorporated into other property that is used solely outside
2 this State, or is altered by converting, fabricating,
3 manufacturing, printing, processing, or shaping, and, as
4 altered, is used solely outside this State.

5 (e) Beginning July 1, 1999, the use, in this State, of
6 fuel acquired outside this State and brought into this State
7 in the fuel supply tanks of locomotives engaged in freight
8 hauling and passenger service for interstate commerce. This
9 subsection is exempt from the provisions of Section 3-75.

10 (f) Beginning on January 1, 2002 and through June 30,
11 2004, the use of tangible personal property purchased from an
12 Illinois retailer by a taxpayer engaged in centralized
13 purchasing activities in Illinois who will, upon receipt of
14 the property in Illinois, temporarily store the property in
15 Illinois (i) for the purpose of subsequently transporting it
16 outside this State for use or consumption thereafter solely
17 outside this State or (ii) for the purpose of being
18 processed, fabricated, or manufactured into, attached to, or
19 incorporated into other tangible personal property to be
20 transported outside this State and thereafter used or
21 consumed solely outside this State. The Director of Revenue
22 shall, pursuant to rules adopted in accordance with the
23 Illinois Administrative Procedure Act, issue a permit to any
24 taxpayer in good standing with the Department who is eligible
25 for the exemption under this subsection (f). The permit
26 issued under this subsection (f) shall authorize the holder,
27 to the extent and in the manner specified in the rules
28 adopted under this Act, to purchase tangible personal
29 property from a retailer exempt from the taxes imposed by
30 this Act. Taxpayers shall maintain all necessary books and
31 records to substantiate the use and consumption of all such
32 tangible personal property outside of the State of Illinois.

33 (Source: P.A. 91-51, eff. 6-30-99; 91-313, eff. 7-29-99;
34 91-587, eff. 8-14-99; 92-16, eff. 6-28-01; 92-488, eff.

1 8-23-01.)

2 Section 20. The Service Occupation Tax Act is amended by
3 changing Section 3-5 as follows:

4 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

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

7 (1) 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 (2) Personal property purchased by a not-for-profit
15 Illinois county fair association for use in conducting,
16 operating, or promoting the county fair.

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

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

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

4 (5) Graphic arts machinery and equipment, including
5 repair and replacement parts, both new and used, and
6 including that manufactured on special order or purchased for
7 lease, certified by the purchaser to be used primarily for
8 graphic arts production. Equipment includes chemicals or
9 chemicals acting as catalysts but only if the chemicals or
10 chemicals acting as catalysts effect a direct and immediate
11 change upon a graphic arts product.

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

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

34 Farm machinery and equipment shall include precision

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

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

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

23 (9) Proceeds of mandatory service charges separately
24 stated on customers' bills for the purchase and consumption
25 of 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 (10) Oil field exploration, drilling, and production
32 equipment, including (i) rigs and parts of rigs, rotary rigs,
33 cable tool rigs, and workover rigs, (ii) pipe and tubular
34 goods, including casing and drill strings, (iii) pumps and

1 pump-jack units, (iv) storage tanks and flow lines, (v) any
2 individual replacement part for oil field exploration,
3 drilling, and production equipment, and (vi) machinery and
4 equipment purchased for lease; but excluding motor vehicles
5 required to be registered under the Illinois Vehicle Code.

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

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

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

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

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

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

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

15 (18) 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 donated
18 for disaster relief to be used in a State or federally
19 declared disaster area in Illinois or bordering Illinois by a
20 manufacturer or retailer that is registered in this State to
21 a corporation, society, association, foundation, or
22 institution that has been issued a sales tax exemption
23 identification number by the Department that assists victims
24 of the disaster who reside within the declared disaster area.

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

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

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

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

29 (22) Beginning January 1, 2000 and through June 30,
30 2004, personal property, including food, purchased through
31 fundraising events for the benefit of a public or private
32 elementary or secondary school, a group of those schools, or
33 one or more school districts if the events are sponsored by
34 an entity recognized by the school district that consists

1 primarily of volunteers and includes parents and teachers of
 2 the school children. This paragraph does not apply to
 3 fundraising events (i) for the benefit of private home
 4 instruction or (ii) for which the fundraising entity
 5 purchases the personal property sold at the events from
 6 another individual or entity that sold the property for the
 7 purpose of resale by the fundraising entity and that profits
 8 from the sale to the fundraising entity. ~~This paragraph is~~
 9 ~~exempt from the provisions of Section 3-55.~~

10 (23) Beginning January 1, 2000 and through December 31,
 11 2001, new or used automatic vending machines that prepare and
 12 serve hot food and beverages, including coffee, soup, and
 13 other items, and replacement parts for these machines.
 14 Beginning January 1, 2002 and through June 30, 2004, machines
 15 and parts for machines used in commercial, coin-operated
 16 amusement and vending business if a use or occupation tax is
 17 paid on the gross receipts derived from the use of the
 18 commercial, coin-operated amusement and vending machines.
 19 ~~This paragraph is exempt from the provisions of Section 3-55.~~

20 (24) Beginning on the effective date of this amendatory
 21 Act of the 92nd General Assembly and through June 30, 2004,
 22 computers and communications equipment utilized for any
 23 hospital purpose and equipment used in the diagnosis,
 24 analysis, or treatment of hospital patients sold to a lessor
 25 who leases the equipment, under a lease of one year or longer
 26 executed or in effect at the time of the purchase, to a
 27 hospital that has been issued an active tax exemption
 28 identification number by the Department under Section 1g of
 29 the Retailers' Occupation Tax Act. ~~This paragraph is--exempt~~
 30 ~~from the provisions of Section 3-55.~~

31 (25) Beginning on the effective date of this amendatory
 32 Act of the 92nd General Assembly and through June 30, 2004,
 33 personal property sold to a lessor who leases the property,
 34 under a lease of one year or longer executed or in effect at

1 the time of the purchase, to a governmental body that has
 2 been issued an active tax exemption identification number by
 3 the Department under Section 1g of the Retailers' Occupation
 4 Tax Act. ~~This paragraph is exempt from the provisions of~~
 5 ~~Section 3-55.~~

6 (26) ~~(24)~~ Beginning on January 1, 2002 and through June
 7 30, 2004, tangible personal property purchased from an
 8 Illinois retailer by a taxpayer engaged in centralized
 9 purchasing activities in Illinois who will, upon receipt of
 10 the property in Illinois, temporarily store the property in
 11 Illinois (i) for the purpose of subsequently transporting it
 12 outside this State for use or consumption thereafter solely
 13 outside this State or (ii) for the purpose of being
 14 processed, fabricated, or manufactured into, attached to, or
 15 incorporated into other tangible personal property to be
 16 transported outside this State and thereafter used or
 17 consumed solely outside this State. The Director of Revenue
 18 shall, pursuant to rules adopted in accordance with the
 19 Illinois Administrative Procedure Act, issue a permit to any
 20 taxpayer in good standing with the Department who is eligible
 21 for the exemption under this paragraph (26) ~~(24)~~. The permit
 22 issued under this paragraph (26) ~~(24)~~ shall authorize the
 23 holder, to the extent and in the manner specified in the
 24 rules adopted under this Act, to purchase tangible personal
 25 property from a retailer exempt from the taxes imposed by
 26 this Act. Taxpayers shall maintain all necessary books and
 27 records to substantiate the use and consumption of all such
 28 tangible personal property outside of the State of Illinois.

29 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
 30 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637, eff.
 31 8-20-99; 91-644, eff. 8-20-99; 92-16, eff. 6-28-01; 92-35,
 32 eff. 7-1-01; 92-227, eff. 8-2-01; 92-337, eff. 8-10-01;
 33 92-484, eff. 8-23-01; 92-488, eff. 8-23-01; revised 1-15-02.)

1 Section 25. The Retailers' Occupation Tax Act is amended
2 by changing Section 2-5 as follows:

3 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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

7 (1) Farm chemicals.

8 (2) 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 (2). 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,

1 and other such equipment.

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

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

16 (4) Graphic arts machinery and equipment, including
17 repair and replacement parts, both new and used, and
18 including that manufactured on special order or purchased for
19 lease, certified by the purchaser to be used primarily for
20 graphic arts production. Equipment includes chemicals or
21 chemicals acting as catalysts but only if the chemicals or
22 chemicals acting as catalysts effect a direct and immediate
23 change upon a graphic arts product.

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

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

4 (7) Proceeds of that portion of the selling price of a
5 passenger car the sale of which is subject to the Replacement
6 Vehicle Tax.

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

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

25 (10) Personal property sold by a corporation, society,
26 association, foundation, institution, or organization, other
27 than a limited liability company, that is organized and
28 operated as a not-for-profit service enterprise for the
29 benefit of persons 65 years of age or older if the personal
30 property was not purchased by the enterprise for the purpose
31 of resale by the enterprise.

32 (11) Personal property sold to a governmental body, to a
33 corporation, society, association, foundation, or institution
34 organized and operated exclusively for charitable, religious,

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

12 (12) Personal property sold to interstate carriers for
13 hire for use as rolling stock moving in interstate commerce
14 or to lessors under leases of one year or longer executed or
15 in effect at the time of purchase by interstate carriers for
16 hire for use as rolling stock moving in interstate commerce
17 and equipment operated by a telecommunications provider,
18 licensed as a common carrier by the Federal Communications
19 Commission, which is permanently installed in or affixed to
20 aircraft moving in interstate commerce.

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

29 (14) Machinery and equipment that will be used by the
30 purchaser, or a lessee of the purchaser, primarily in the
31 process of manufacturing or assembling tangible personal
32 property for wholesale or retail sale or lease, whether the
33 sale or lease is made directly by the manufacturer or by some
34 other person, whether the materials used in the process are

1 owned by the manufacturer or some other person, or whether
2 the sale or lease is made apart from or as an incident to the
3 seller's engaging in the service occupation of producing
4 machines, tools, dies, jigs, patterns, gauges, or other
5 similar items of no commercial value on special order for a
6 particular purchaser.

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

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

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

26 (18) 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 (19) Oil field exploration, drilling, and production
31 equipment, including (i) rigs and parts of rigs, rotary rigs,
32 cable tool rigs, and workover rigs, (ii) pipe and tubular
33 goods, including casing and drill strings, (iii) pumps and
34 pump-jack units, (iv) storage tanks and flow lines, (v) any

1 individual replacement part for oil field exploration,
2 drilling, and production equipment, and (vi) machinery and
3 equipment purchased for lease; but excluding motor vehicles
4 required to be registered under the Illinois Vehicle Code.

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

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

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

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

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

33 (25) A motor vehicle sold in this State to a nonresident
34 even though the motor vehicle is delivered to the nonresident

1 in this State, if the motor vehicle is not to be titled in
2 this State, and if a driveaway decal permit is issued to the
3 motor vehicle as provided in Section 3-603 of the Illinois
4 Vehicle Code or if the nonresident purchaser has vehicle
5 registration plates to transfer to the motor vehicle upon
6 returning to his or her home state. The issuance of the
7 driveaway decal permit or having the out-of-state
8 registration plates to be transferred is prima facie evidence
9 that the motor vehicle will not be titled in this State.

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

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

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

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

31 (30) Beginning with taxable years ending on or after
32 December 31, 1995 and ending with taxable years ending on or
33 before December 31, 2004, personal property that is donated
34 for disaster relief to be used in a State or federally

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

7 (31) 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 used in
10 the performance of infrastructure repairs in this State,
11 including but not limited to municipal roads and streets,
12 access roads, bridges, sidewalks, waste disposal systems,
13 water and sewer line extensions, water distribution and
14 purification facilities, storm water drainage and retention
15 facilities, and sewage treatment facilities, resulting from a
16 State or federally declared disaster in Illinois or bordering
17 Illinois when such repairs are initiated on facilities
18 located in the declared disaster area within 6 months after
19 the disaster.

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

26 (33) A motor vehicle, as that term is defined in Section
27 1-146 of the Illinois Vehicle Code, that is donated to a
28 corporation, limited liability company, society, association,
29 foundation, or institution that is determined by the
30 Department to be organized and operated exclusively for
31 educational purposes. For purposes of this exemption, "a
32 corporation, limited liability company, society, association,
33 foundation, or institution organized and operated exclusively
34 for educational purposes" means all tax-supported public

1 schools, private schools that offer systematic instruction in
2 useful branches of learning by methods common to public
3 schools and that compare favorably in their scope and
4 intensity with the course of study presented in tax-supported
5 schools, and vocational or technical schools or institutes
6 organized and operated exclusively to provide a course of
7 study of not less than 6 weeks duration and designed to
8 prepare individuals to follow a trade or to pursue a manual,
9 technical, mechanical, industrial, business, or commercial
10 occupation.

11 (34) Beginning January 1, 2000 and through June 30,
12 2004, personal property, including food, purchased through
13 fundraising events for the benefit of a public or private
14 elementary or secondary school, a group of those schools, or
15 one or more school districts if the events are sponsored by
16 an entity recognized by the school district that consists
17 primarily of volunteers and includes parents and teachers of
18 the school children. This paragraph does not apply to
19 fundraising events (i) for the benefit of private home
20 instruction or (ii) for which the fundraising entity
21 purchases the personal property sold at the events from
22 another individual or entity that sold the property for the
23 purpose of resale by the fundraising entity and that profits
24 from the sale to the fundraising entity. ~~This paragraph is~~
25 ~~exempt from the provisions of Section 2-70.~~

26 (35) Beginning January 1, 2000 and through December 31,
27 2001, new or used automatic vending machines that prepare and
28 serve hot food and beverages, including coffee, soup, and
29 other items, and replacement parts for these machines.
30 Beginning January 1, 2002 and through June 30, 2004, machines
31 and parts for machines used in commercial, coin-operated
32 amusement and vending business if a use or occupation tax is
33 paid on the gross receipts derived from the use of the
34 commercial, coin-operated amusement and vending machines.

~~This paragraph is exempt from the provisions of Section 2-70.~~

(36) Beginning on the effective date of this amendatory Act of the 92nd General Assembly and through June 30, 2004, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients sold to a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time of the purchase, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of this Act. ~~This paragraph is exempt from the provisions of Section 2-70.~~

(37) Beginning on the effective date of this amendatory Act of the 92nd General Assembly and through June 30, 2004, personal property sold to a lessor who leases the property, under a lease of one year or longer executed or in effect at the time of the purchase, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of this Act. ~~This paragraph is exempt from the provisions of Section 2-70.~~

(38) ~~(36)~~ Beginning on January 1, 2002 and through June 30, 2004, tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized purchasing activities in Illinois who will, upon receipt of the property in Illinois, temporarily store the property in Illinois (i) for the purpose of subsequently transporting it outside this State for use or consumption thereafter solely outside this State or (ii) for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property to be transported outside this State and thereafter used or consumed solely outside this State. The Director of Revenue shall, pursuant to rules adopted in accordance with the Illinois Administrative Procedure Act, issue a permit to any

1 taxpayer in good standing with the Department who is eligible
2 for the exemption under this paragraph (38) ~~(36)~~. The permit
3 issued under this paragraph (38) ~~(36)~~ shall authorize the
4 holder, to the extent and in the manner specified in the
5 rules adopted under this Act, to purchase tangible personal
6 property from a retailer exempt from the taxes imposed by
7 this Act. Taxpayers shall maintain all necessary books and
8 records to substantiate the use and consumption of all such
9 tangible personal property outside of the State of Illinois.
10 (Source: P.A. 91-51, eff. 6-30-99; 91-200, eff. 7-20-99;
11 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637, eff.
12 8-20-99; 91-644, eff. 8-20-99; 92-16, eff. 6-28-01; 92-35,
13 eff. 7-1-01; 92-227, eff. 8-2-01; 92-337, eff. 8-10-01;
14 92-484, eff. 8-23-01; 92-488, eff. 8-23-01; revised 1-15-02.)

15 Section 30. The Liquor Control Act of 1934 is amended by
16 changing Section 8-2 as follows:

17 (235 ILCS 5/8-2) (from Ch. 43, par. 159)

18 (Text of Section before amendment by P.A. 92-393)

19 Sec. 8-2. It is the duty of each manufacturer with
20 respect to alcoholic liquor produced or imported by such
21 manufacturer, or purchased tax-free by such manufacturer from
22 another manufacturer or importing distributor, and of each
23 importing distributor as to alcoholic liquor purchased by
24 such importing distributor from foreign importers or from
25 anyone from any point in the United States outside of this
26 State or purchased tax-free from another manufacturer or
27 importing distributor, to pay the tax imposed by Section 8-1
28 to the Department of Revenue on or before the 15th day of the
29 calendar month following the calendar month in which such
30 alcoholic liquor is sold or used by such manufacturer or by
31 such importing distributor other than in an authorized
32 tax-free manner.

1 Each manufacturer and each importing distributor shall,
2 on or before the 15th day of each calendar month, file with
3 the Department of Revenue, on forms prescribed and furnished
4 by the Department, a report in writing in such form as may be
5 required by the Department in order to compute, and assure
6 the accuracy of, the tax due on all taxable sales and uses of
7 alcoholic liquor occurring during the preceding month.
8 Payment of the tax in the amount disclosed by the report
9 shall accompany the report.

10 The Department may, if it deems it necessary in order to
11 insure the payment of the tax imposed by this Article,
12 require returns to be made more frequently than and covering
13 periods of less than a month. Such return shall contain such
14 further information as the Department may reasonably require.

15 It shall be presumed that all alcoholic liquors acquired
16 or made by any importing distributor or manufacturer have
17 been sold or used by him in this State and are the basis for
18 the tax imposed by this Article unless proven, to the
19 satisfaction of the Department, that such alcoholic liquors
20 are (1) still in the possession of such importing distributor
21 or manufacturer, or (2) prior to the termination of
22 possession have been lost by theft or through unintentional
23 destruction, or (3) that such alcoholic liquors are otherwise
24 exempt from taxation under this Act.

25 The Department may require any foreign importer to file
26 monthly information returns, by the 15th day of the month
27 following the month which any such return covers, if the
28 Department determines this to be necessary to the proper
29 performance of the Department's functions and duties under
30 this Act. Such return shall contain such information as the
31 Department may reasonably require.

32 Every manufacturer and importing distributor shall also
33 file, with the Department, a bond in an amount not less than
34 \$1,000 and not to exceed \$100,000 on a form to be approved

1 by, and with a surety or sureties satisfactory to, the
2 Department. Such bond shall be conditioned upon the
3 manufacturer or importing distributor paying to the
4 Department all monies becoming due from such manufacturer or
5 importing distributor under this Article. The Department
6 shall fix the penalty of such bond in each case, taking into
7 consideration the amount of alcoholic liquor expected to be
8 sold and used by such manufacturer or importing distributor,
9 and the penalty fixed by the Department shall be sufficient,
10 in the Department's opinion, to protect the State of Illinois
11 against failure to pay any amount due under this Article, but
12 the amount of the penalty fixed by the Department shall not
13 exceed twice the amount of tax liability of a monthly return,
14 nor shall the amount of such penalty be less than \$1,000. The
15 Department shall notify the Commission of the Department's
16 approval or disapproval of any such manufacturer's or
17 importing distributor's bond, or of the termination or
18 cancellation of any such bond, or of the Department's
19 direction to a manufacturer or importing distributor that he
20 must file additional bond in order to comply with this
21 Section. The Commission shall not issue a license to any
22 applicant for a manufacturer's or importing distributor's
23 license unless the Commission has received a notification
24 from the Department showing that such applicant has filed a
25 satisfactory bond with the Department hereunder and that such
26 bond has been approved by the Department. Failure by any
27 licensed manufacturer or importing distributor to keep a
28 satisfactory bond in effect with the Department or to furnish
29 additional bond to the Department, when required hereunder by
30 the Department to do so, shall be grounds for the revocation
31 or suspension of such manufacturer's or importing
32 distributor's license by the Commission. If a manufacturer or
33 importing distributor fails to pay any amount due under this
34 Article, his bond with the Department shall be deemed

1 forfeited, and the Department may institute a suit in its own
2 name on such bond.

3 After notice and opportunity for a hearing the State
4 Commission may revoke or suspend the license of any
5 manufacturer or importing distributor who fails to comply
6 with the provisions of this Section. Notice of such hearing
7 and the time and place thereof shall be in writing and shall
8 contain a statement of the charges against the licensee. Such
9 notice may be given by United States registered or certified
10 mail with return receipt requested, addressed to the person
11 concerned at his last known address and shall be given not
12 less than 7 days prior to the date fixed for the hearing. An
13 order revoking or suspending a license under the provisions
14 of this Section may be reviewed in the manner provided in
15 Section 7-10 of this Act. No new license shall be granted to
16 a person whose license has been revoked for a violation of
17 this Section or, in case of suspension, shall such suspension
18 be terminated until he has paid to the Department all taxes
19 and penalties which he owes the State under the provisions of
20 this Act.

21 Every manufacturer or importing distributor who has, as
22 verified by the Department, continuously complied with the
23 conditions of the bond under this Act for a period of 2 years
24 shall be considered to be a prior continuous compliance
25 taxpayer. In determining the consecutive period of time for
26 qualification as a prior continuous compliance taxpayer, any
27 consecutive period of time of qualifying compliance
28 immediately prior to the effective date of this amendatory
29 Act of 1987 shall be credited to any manufacturer or
30 importing distributor.

31 Every prior continuous compliance taxpayer shall be
32 exempt from the bond requirements of this Act until the
33 Department has determined the taxpayer to be delinquent in
34 the filing of any return or deficient in the payment of any

1 tax under this Act. Any taxpayer who fails to pay an
2 admitted or established liability under this Act may also be
3 required to post bond or other acceptable security with the
4 Department guaranteeing the payment of such admitted or
5 established liability.

6 The Department shall discharge any surety and shall
7 release and return any bond or security deposit assigned,
8 pledged or otherwise provided to it by a taxpayer under this
9 Section within 30 days after: (1) such taxpayer becomes a
10 prior continuous compliance taxpayer; or (2) such taxpayer
11 has ceased to collect receipts on which he is required to
12 remit tax to the Department, has filed a final tax return,
13 and has paid to the Department an amount sufficient to
14 discharge his remaining tax liability as determined by the
15 Department under this Act.

16 (Source: P.A. 86-654.)

17 (Text of Section after amendment by P.A. 92-393)

18 Sec. 8-2. It is the duty of each manufacturer with
19 respect to alcoholic liquor produced or imported by such
20 manufacturer, or purchased tax-free by such manufacturer from
21 another manufacturer or importing distributor, and of each
22 importing distributor as to alcoholic liquor purchased by
23 such importing distributor from foreign importers or from
24 anyone from any point in the United States outside of this
25 State or purchased tax-free from another manufacturer or
26 importing distributor, to pay the tax imposed by Section 8-1
27 to the Department of Revenue on or before the 15th day of the
28 calendar month following the calendar month in which such
29 alcoholic liquor is sold or used by such manufacturer or by
30 such importing distributor other than in an authorized
31 tax-free manner ~~or to pay that tax electronically as provided~~
32 ~~in this Section.~~

33 Each manufacturer and each importing distributor shall,
34 ~~make payment under one of the following methods:--(1) on or~~

1 before the 15th day of each calendar month, file in-person-or
2 by-United-States-first-class-mail, postage-pre-paid, with the
3 Department of Revenue, on forms prescribed and furnished by
4 the Department, a report in writing in such form as may be
5 required by the Department in order to compute, and assure
6 the accuracy of, the tax due on all taxable sales and uses of
7 alcoholic liquor occurring during the preceding month.
8 Payment of the tax in the amount disclosed by the report
9 shall accompany the report or, (2) on-or-before-the-15th-day
10 of---each---calendar--month,--electronically--file--with--the
11 Department-of-Revenue, on forms prescribed and--furnished--by
12 the--Department,--an-electronic-report-in-such-form-as-may-be
13 required-by-the-Department-in-order-to--compute,--and--assure
14 the-accuracy-of, the-tax-due-on-all-taxable-sales-and-uses-of
15 alcoholic--liquor--occurring--during-the-preceding-month.--An
16 electronic-payment-of-the-tax-in-the-amount-disclosed-by--the
17 report---shall--accompany--the--report.---A--manufacturer--or
18 distributor-who-files-an-electronic-report-and-electronically
19 pays--the--tax--imposed--pursuant--to--Section--8-1--to---the
20 Department--of--Revenue--on--or--before--the--15th-day-of-the
21 calendar-month-following-the-calendar--month--in--which--such
22 alcoholic--liquor--is--sold--or--used-by-that-manufacturer-or
23 importing-distributor-other-than-in--an--authorized--tax-free
24 manner--shall--pay--to--the--Department-the-amount-of-the-tax
25 imposed-pursuant-to-Section-8-1, less-a-discount-of-1.75%--or
26 \$1,250--per--return,--whichever--is-less, which-is-allowed-to
27 reimburse-the-manufacturer-or-importing-distributor--for--the
28 expenses---incurred---in--keeping--and--maintaining--records,
29 preparing-and-filing-the-electronic--returns,--remitting--the
30 tax, and-supplying-data-to-the-Department-upon-request.

31 The Department may, if it deems it necessary in order to
32 insure the payment of the tax imposed by this Article,
33 require returns to be made more frequently than and covering
34 periods of less than a month. Such return shall contain such

1 further information as the Department may reasonably require.

2 It shall be presumed that all alcoholic liquors acquired
3 or made by any importing distributor or manufacturer have
4 been sold or used by him in this State and are the basis for
5 the tax imposed by this Article unless proven, to the
6 satisfaction of the Department, that such alcoholic liquors
7 are (1) still in the possession of such importing distributor
8 or manufacturer, or (2) prior to the termination of
9 possession have been lost by theft or through unintentional
10 destruction, or (3) that such alcoholic liquors are otherwise
11 exempt from taxation under this Act.

12 The Department may require any foreign importer to file
13 monthly information returns, by the 15th day of the month
14 following the month which any such return covers, if the
15 Department determines this to be necessary to the proper
16 performance of the Department's functions and duties under
17 this Act. Such return shall contain such information as the
18 Department may reasonably require.

19 Every manufacturer and importing distributor shall also
20 file, with the Department, a bond in an amount not less than
21 \$1,000 and not to exceed \$100,000 on a form to be approved
22 by, and with a surety or sureties satisfactory to, the
23 Department. Such bond shall be conditioned upon the
24 manufacturer or importing distributor paying to the
25 Department all monies becoming due from such manufacturer or
26 importing distributor under this Article. The Department
27 shall fix the penalty of such bond in each case, taking into
28 consideration the amount of alcoholic liquor expected to be
29 sold and used by such manufacturer or importing distributor,
30 and the penalty fixed by the Department shall be sufficient,
31 in the Department's opinion, to protect the State of Illinois
32 against failure to pay any amount due under this Article, but
33 the amount of the penalty fixed by the Department shall not
34 exceed twice the amount of tax liability of a monthly return,

1 nor shall the amount of such penalty be less than \$1,000. The
2 Department shall notify the Commission of the Department's
3 approval or disapproval of any such manufacturer's or
4 importing distributor's bond, or of the termination or
5 cancellation of any such bond, or of the Department's
6 direction to a manufacturer or importing distributor that he
7 must file additional bond in order to comply with this
8 Section. The Commission shall not issue a license to any
9 applicant for a manufacturer's or importing distributor's
10 license unless the Commission has received a notification
11 from the Department showing that such applicant has filed a
12 satisfactory bond with the Department hereunder and that such
13 bond has been approved by the Department. Failure by any
14 licensed manufacturer or importing distributor to keep a
15 satisfactory bond in effect with the Department or to furnish
16 additional bond to the Department, when required hereunder by
17 the Department to do so, shall be grounds for the revocation
18 or suspension of such manufacturer's or importing
19 distributor's license by the Commission. If a manufacturer or
20 importing distributor fails to pay any amount due under this
21 Article, his bond with the Department shall be deemed
22 forfeited, and the Department may institute a suit in its own
23 name on such bond.

24 After notice and opportunity for a hearing the State
25 Commission may revoke or suspend the license of any
26 manufacturer or importing distributor who fails to comply
27 with the provisions of this Section. Notice of such hearing
28 and the time and place thereof shall be in writing and shall
29 contain a statement of the charges against the licensee. Such
30 notice may be given by United States registered or certified
31 mail with return receipt requested, addressed to the person
32 concerned at his last known address and shall be given not
33 less than 7 days prior to the date fixed for the hearing. An
34 order revoking or suspending a license under the provisions

1 of this Section may be reviewed in the manner provided in
2 Section 7-10 of this Act. No new license shall be granted to
3 a person whose license has been revoked for a violation of
4 this Section or, in case of suspension, shall such suspension
5 be terminated until he has paid to the Department all taxes
6 and penalties which he owes the State under the provisions of
7 this Act.

8 Every manufacturer or importing distributor who has, as
9 verified by the Department, continuously complied with the
10 conditions of the bond under this Act for a period of 2 years
11 shall be considered to be a prior continuous compliance
12 taxpayer. In determining the consecutive period of time for
13 qualification as a prior continuous compliance taxpayer, any
14 consecutive period of time of qualifying compliance
15 immediately prior to the effective date of this amendatory
16 Act of 1987 shall be credited to any manufacturer or
17 importing distributor.

18 Every prior continuous compliance taxpayer shall be
19 exempt from the bond requirements of this Act until the
20 Department has determined the taxpayer to be delinquent in
21 the filing of any return or deficient in the payment of any
22 tax under this Act. Any taxpayer who fails to pay an
23 admitted or established liability under this Act may also be
24 required to post bond or other acceptable security with the
25 Department guaranteeing the payment of such admitted or
26 established liability.

27 The Department shall discharge any surety and shall
28 release and return any bond or security deposit assigned,
29 pledged or otherwise provided to it by a taxpayer under this
30 Section within 30 days after: (1) such taxpayer becomes a
31 prior continuous compliance taxpayer; or (2) such taxpayer
32 has ceased to collect receipts on which he is required to
33 remit tax to the Department, has filed a final tax return,
34 and has paid to the Department an amount sufficient to

1 discharge his remaining tax liability as determined by the
2 Department under this Act.

3 (Source: P.A. 92-393, eff. 1-1-03.)

4 Section 95. No acceleration or delay. Where this Act
5 makes changes in a statute that is represented in this Act by
6 text that is not yet or no longer in effect (for example, a
7 Section represented by multiple versions), the use of that
8 text does not accelerate or delay the taking effect of (i)
9 the changes made by this Act or (ii) provisions derived from
10 any other Public Act.

11 Section 99. Effective date. This Act takes effect upon
12 becoming law, except that the changes made to Section 8-2 of
13 the Liquor Control Act of 1934 take effect on July 1, 2004.

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INDEX

Statutes amended in order of appearance

- 35 ILCS 5/201 from Ch. 120, par. 2-201
- 35 ILCS 5/211
- 35 ILCS 105/3-5 from Ch. 120, par. 439.3-5
- 35 ILCS 105/3-55 from Ch. 120, par. 439.3-55
- 35 ILCS 110/3-5 from Ch. 120, par. 439.33-5
- 35 ILCS 110/3-45 from Ch. 120, par. 439.33-45
- 35 ILCS 115/3-5 from Ch. 120, par. 439.103-5
- 35 ILCS 120/2-5 from Ch. 120, par. 441-5
- 235 ILCS 5/8-2 from Ch. 43, par. 159