



SENATE JOURNAL

STATE OF ILLINOIS

NINETY-SEVENTH GENERAL ASSEMBLY

123RD LEGISLATIVE DAY

MONDAY, MAY 28, 2012

2:12 O'CLOCK P.M.

SENATE
Daily Journal Index
123rd Legislative Day

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The Senate met pursuant to adjournment.
Senator M. Maggie Crotty, Oak Forest, Illinois, presiding.
Prayer by the Reverend Milton Bost, Chatham Baptist Church, Chatham, Illinois.
Senator Maloney led the Senate in the Pledge of Allegiance.

Senator Hunter moved that reading and approval of the Journal of Friday, May 25, 2012, be postponed, pending arrival of the printed Journal.
The motion prevailed.

REPORT RECEIVED

The Secretary placed before the Senate the following report:

Personal Information Protection Act Report, submitted by the Department of Human Services.

The foregoing report was ordered received and placed on file in the Secretary's Office.

MESSAGE FROM THE PRESIDENT

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

JOHN J. CULLERTON
SENATE PRESIDENT

327 STATE CAPITOL
SPRINGFIELD, IL 62706
217-782-2728

May 28, 2012

Mr. Tim Anderson
Secretary of the Senate
Room 401 State House
Springfield, IL 62706

Dear Mr. Secretary:

Due to the resignation Senator A.J. Wilhelmi, please designate Senator Dan Kotowski as the chief sponsor of SB 1355.

Sincerely,
s/John J. Cullerton
President Cullerton

cc: Senate Minority Leader Christine Radogno

PRESENTATION OF RESOLUTION

Senator Link offered the following Senate Joint Resolution, which was referred to the Committee on Assignments:

SENATE JOINT RESOLUTION NO. 77

WHEREAS, The Illinois State Toll Highway Authority (Authority) has been asked to consider a northern extension of IL Route 53 through central Lake County since the early 1960s; the Authority created a Blue Ribbon Advisory Council to develop a consensus as to whether the Tollway should build

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the road, and if so, to guide the planning and potential building of an IL-53 and IL-120 North Extension; and

WHEREAS, As noted in the Chicago Metropolitan Agency for Planning comprehensive regional plan, entitled GO TO 2040, an extension of Illinois Route 53 could ease congestion that has resulted from Lake County's rapid development in recent decades; the project could improve access and mobility in the county and in the region as a whole; GO TO 2040 calls for a 21st Century urban highway - a "modern boulevard" - with a smaller footprint to minimize potential negative impacts while protecting the natural environment and preserving the character of nearby communities; and

WHEREAS, The report entitled "Illinois Route 53/120 Project: Blue Ribbon Advisory Council Draft Resolution and Report" represents the Advisory Council's view as to the necessity of building a 21st century road in Lake County to serve the needs of residents and businesses; therefore, be it

RESOLVED, BY THE SENATE OF THE NINETY-SEVENTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES CONCURRING HEREIN, that we adopt the principles and conclusions agreed to by the Advisory Council in its report entitled "Illinois Route 53/120 Project: Blue Ribbon Advisory Council Draft Resolution and Report", and we approve and support the construction of a road in the Route 53/120 corridor, conditioned upon the Illinois State Toll Highway Authority adhering to the design principles, alignments, and environmental commitments outlined in the report; and be it further

RESOLVED, That we request that the Illinois State Toll Highway Authority, in cooperation with federal, State, and local governments, continue to search for financing mechanisms that are consistent with those described in the report; and be it further

RESOLVED, That we express our sincere appreciation and gratitude to the Illinois State Toll Highway Authority Board of Directors and staff for creating the Advisory Council and supporting its work, and we encourage the Board to provide full consideration and quick action to implement the steps outlined in the report; and be it further

RESOLVED, That we request that the Illinois State Toll Highway Authority routinely report to the Advisory Council on its progress in realizing the recommended project, and to use the advice of the Advisory Council as it proceeds; and be it further

RESOLVED, That suitable copies of this resolution be provided to the Illinois State Toll Highway Authority Board of Directors.

MESSAGES FROM THE HOUSE

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 1355

A bill for AN ACT concerning civil law.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 3 to SENATE BILL NO. 1355

Passed the House, as amended, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 3 TO SENATE BILL 1355

AMENDMENT NO. 3. Amend Senate Bill 1355 by replacing everything after the enacting clause with the following:

"Section 5. The Code of Civil Procedure is amended by adding Section 2-1306 as follows:

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(735 ILCS 5/2-1306 new)

Sec. 2-1306. Supersedeas bonds.

(a) In civil litigation under any legal theory involving a signatory, a successor to a signatory, or a parent or an affiliate of a signatory to the Master Settlement Agreement described in Section 6z-43 of the State Finance Act, execution of the judgment shall be stayed during the entire course of appellate review upon the posting of a supersedeas bond or other form of security in accordance with applicable laws or court rules, except that the total amount of the supersedeas bond or other form of security that is required of all appellants collectively shall not exceed \$250,000,000, regardless of the amount of the judgment, provided that this limitation shall apply only if appellants file at least 30% of the total amount in the form of cash, a letter of credit, a certificate of deposit, or other cash equivalent with the court. The cash or cash equivalent shall be deposited by the clerk of the court in the account of the court, and any interest earned shall be utilized as provided by law.

(b) Notwithstanding subsection (a) of this Section, if an appellee proves by a preponderance of the evidence that an appellant is dissipating assets outside the ordinary course of business to avoid payment of a judgment, a court may require the appellant to post a supersedeas bond in an amount up to the total amount of the judgment.

(c) This Section applies to pending actions as well as actions commenced on or after its effective date, and to judgments entered or reinstated on or after its effective date.

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

Under the rules, the foregoing **Senate Bill No. 1355**, with House Amendment No. 3, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 2194

A bill for AN ACT concerning revenue.

Together with the following amendments which are attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 2 to SENATE BILL NO. 2194

House Amendment No. 3 to SENATE BILL NO. 2194

Passed the House, as amended, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 2 TO SENATE BILL 2194

AMENDMENT NO. 2. Amend Senate Bill 2194 by replacing everything after the enacting clause with the following:

"Section 5. The Counties Code is amended by changing Section 5-1006 as follows:

(55 ILCS 5/5-1006) (from Ch. 34, par. 5-1006)

Sec. 5-1006. Home Rule County Retailers' Occupation Tax Law. Any county ~~that~~ ~~that~~ is a home rule unit may impose a tax upon all persons engaged in the business of selling tangible personal property, other than an item of tangible personal property titled or registered with an agency of this State's government, at retail in the county on the gross receipts from such sales made in the course of their business. If imposed, this tax shall only be imposed in 1/4% increments. On and after September 1, 1991, this additional tax may not be imposed on the sales of food for human consumption which is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks and food which has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances and insulin, urine testing materials, syringes and needles used by diabetics. The tax imposed by a home rule county pursuant to this Section and all civil penalties that may be assessed as an incident thereof shall be collected and enforced by the State Department of Revenue. The certificate of registration that is issued by the Department to a retailer under the Retailers' Occupation Tax Act shall permit the retailer to engage in a business that is taxable under any ordinance or resolution enacted pursuant to this Section without registering separately with the Department under such ordinance or resolution or under this Section. The Department shall have full power to administer and enforce this

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Section; to collect all taxes and penalties due hereunder; to dispose of taxes and penalties so collected in the manner hereinafter provided; and to determine all rights to credit memoranda arising on account of the erroneous payment of tax or penalty hereunder. In the administration of, and compliance with, this Section, the Department and persons who are subject to this Section shall have the same rights, remedies, privileges, immunities, powers and duties, and be subject to the same conditions, restrictions, limitations, penalties and definitions of terms, and employ the same modes of procedure, as are prescribed in Sections 1, 1a, 1a-1, 1d, 1e, 1f, 1i, 1j, 1k, 1m, 1n, 2 through 2-65 (in respect to all provisions therein other than the State rate of tax), 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 7, 8, 9, 10, 11, 12 and 13 of the Retailers' Occupation Tax Act and Section 3-7 of the Uniform Penalty and Interest Act, as fully as if those provisions were set forth herein.

No tax may be imposed by a home rule county pursuant to this Section unless the county also imposes a tax at the same rate pursuant to Section 5-1007.

Persons subject to any tax imposed pursuant to the authority granted in this Section may reimburse themselves for their seller's tax liability hereunder by separately stating such tax as an additional charge, which charge may be stated in combination, in a single amount, with State tax which sellers are required to collect under the Use Tax Act, pursuant to such bracket schedules as the Department may prescribe.

Whenever the Department determines that a refund should be made under this Section to a claimant instead of issuing a credit memorandum, the Department shall notify the State Comptroller, who shall cause the order to be drawn for the amount specified and to the person named in the notification from the Department. The refund shall be paid by the State Treasurer out of the home rule county retailers' occupation tax fund.

The Department shall forthwith pay over to the State Treasurer, ex officio, as trustee, all taxes and penalties collected hereunder.

As soon as possible after the first day of each month, beginning January 1, 2011, upon certification of the Department of Revenue, the Comptroller shall order transferred, and the Treasurer shall transfer, to the STAR Bonds Revenue Fund the local sales tax increment, as defined in the Innovation Development and Economy Act, collected under this Section during the second preceding calendar month for sales within a STAR bond district.

After the monthly transfer to the STAR Bonds Revenue Fund, on or before the 25th day of each calendar month, the Department shall prepare and certify to the Comptroller the disbursement of stated sums of money to named counties, the counties to be those from which retailers have paid taxes or penalties hereunder to the Department during the second preceding calendar month. The amount to be paid to each county shall be the amount (not including credit memoranda) collected hereunder during the second preceding calendar month by the Department plus an amount the Department determines is necessary to offset any amounts that were erroneously paid to a different taxing body, and not including an amount equal to the amount of refunds made during the second preceding calendar month by the Department on behalf of such county, and not including any amount which the Department determines is necessary to offset any amounts which were payable to a different taxing body but were erroneously paid to the county, and not including any amounts that are transferred to the STAR Bonds Revenue Fund. Within 10 days after receipt, by the Comptroller, of the disbursement certification to the counties provided for in this Section to be given to the Comptroller by the Department, the Comptroller shall cause the orders to be drawn for the respective amounts in accordance with the directions contained in the certification.

In addition to the disbursement required by the preceding paragraph, an allocation shall be made in March of each year to each county that received more than \$500,000 in disbursements under the preceding paragraph in the preceding calendar year. The allocation shall be in an amount equal to the average monthly distribution made to each such county under the preceding paragraph during the preceding calendar year (excluding the 2 months of highest receipts). The distribution made in March of each year subsequent to the year in which an allocation was made pursuant to this paragraph and the preceding paragraph shall be reduced by the amount allocated and disbursed under this paragraph in the preceding calendar year. The Department shall prepare and certify to the Comptroller for disbursement the allocations made in accordance with this paragraph.

For the purpose of determining the local governmental unit whose tax is applicable, a retail sale by a producer of coal or other mineral mined in Illinois is a sale at retail at the place where the coal or other mineral mined in Illinois is extracted from the earth. This paragraph does not apply to coal or other mineral when it is delivered or shipped by the seller to the purchaser at a point outside Illinois so that the sale is exempt under the United States Constitution as a sale in interstate or foreign commerce.

Nothing in this Section shall be construed to authorize a county to impose a tax upon the privilege of engaging in any business which under the Constitution of the United States may not be made the subject

of taxation by this State.

An ordinance or resolution imposing or discontinuing a tax hereunder or effecting a change in the rate thereof shall be adopted and a certified copy thereof filed with the Department on or before the first day of June, whereupon the Department shall proceed to administer and enforce this Section as of the first day of September next following such adoption and filing. Beginning January 1, 1992, an ordinance or resolution imposing or discontinuing the tax hereunder or effecting a change in the rate thereof shall be adopted and a certified copy thereof filed with the Department on or before the first day of July, whereupon the Department shall proceed to administer and enforce this Section as of the first day of October next following such adoption and filing. Beginning January 1, 1993, an ordinance or resolution imposing or discontinuing the tax hereunder or effecting a change in the rate thereof shall be adopted and a certified copy thereof filed with the Department on or before the first day of October, whereupon the Department shall proceed to administer and enforce this Section as of the first day of January next following such adoption and filing. Beginning April 1, 1998, an ordinance or resolution imposing or discontinuing the tax hereunder or effecting a change in the rate thereof shall either (i) be adopted and a certified copy thereof filed with the Department on or before the first day of April, whereupon the Department shall proceed to administer and enforce this Section as of the first day of July next following the adoption and filing; or (ii) be adopted and a certified copy thereof filed with the Department on or before the first day of October, whereupon the Department shall proceed to administer and enforce this Section as of the first day of January next following the adoption and filing.

When certifying the amount of a monthly disbursement to a county under this Section, the Department shall increase or decrease such amount by an amount necessary to offset any misallocation of previous disbursements. The offset amount shall be the amount erroneously disbursed within the previous 6 months from the time a misallocation is discovered.

This Section shall be known and may be cited as the Home Rule County Retailers' Occupation Tax Law.

(Source: P.A. 96-939, eff. 6-24-10)."

AMENDMENT NO. 3 TO SENATE BILL 2194

AMENDMENT NO. 3. Amend Senate Bill 2194, AS AMENDED, by replacing everything after the enacting clause with the following:

"ARTICLE 1. CIGARETTE MACHINE OPERATORS' OCCUPATION TAX ACT

Section 1-1. Short title. This Act may be cited as the Cigarette Machine Operators' Occupation Tax Act.

Section 1-5. Definitions. As used in this Act:

"Business" means any trade, occupation, activity or enterprise engaged in for the purpose of selling cigarettes in this State.

"Cigarette" means any roll for smoking made wholly or in part of tobacco, irrespective of size or shape and whether or not such tobacco is flavored, adulterated or mixed with any other ingredient, and the wrapper or cover of which is made of paper or any other substance or material except tobacco.

"Cigarette machine" means any machine, equipment or device used to make or fabricate cigarettes.

"Cigarette machine" shall not include a handheld manually operated device used by consumers to make roll-your-own cigarettes for personal consumption.

"Cigarette machine operator" means any person who is engaged in the business of operating a cigarette machine in this State and is licensed by the Department as a cigarette machine operator under Section 1-15 of this Act.

"Contraband cigarettes" means:

(1) cigarettes for which any required federal taxes have not been paid;

(2) cigarettes that do not meet the requirements of this Act;

(3) cigarettes that are made or fabricated by a person holding a cigarette machine operator license under Section 1-15 of this Act and that are in the possession of manufacturers, distributors, secondary distributors, manufacturer representatives, or retailers, all as defined by the Cigarette Tax Act, for the purpose of resale;

(4) cigarettes that are in the possession of a cigarette machine operator and that are made or fabricated with cigarette tubes that do not meet the requirements of Section 1-30 of this Act;

(5) cigarettes that are in the possession of an individual and that are made or fabricated with cigarette tubes that do not meet the requirements of Section 1-30 of this Act, unless the

cigarettes were made or fabricated by an individual for the individual's own use and consumption without the aid or use of a cigarette machine in the possession of a cigarette machine operator holding a license under Section 1-15 of this Act; or

(6) cigarettes that (i) are made or fabricated by a person holding a cigarette machine operator license under Section 1-15 of this Act, (ii) are in the possession of a person, and (iii) contain tobacco of a brand family and manufacturer that are not identified on the State of Illinois Directory of Participating Manufacturers or the Illinois Directory of Compliant Non-Participating Manufacturers maintained by the Office of the Attorney General.

"Department" means the Department of Revenue.

"Operate or operating a cigarette machine" means to possess a cigarette machine for the purpose of engaging in the business of making the cigarette machine available to individuals who use the cigarette machine to make or fabricate cigarettes for their own use or consumption, and not for resale. For purposes of this Act, the cigarette machine is operated by the person possessing the cigarette machine. For purposes of this Act, cigarettes made or fabricated by the use of a cigarette machine in the possession of a cigarette machine operator holding a license under Section 1-15 of this Act are considered to be made or fabricated by the person holding the cigarette machine operator license and not the individual.

"Original package" means the individual packet, box, or other container used to contain and convey cigarettes to the consumer.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, however formed, limited liability company, or a receiver, executor, administrator, trustee, guardian, or other representative appointed by order of any court.

"Place of business" means any place where cigarettes are made or fabricated by a cigarette machine operator holding a license under Section 1-15 of this Act.

"Possess or possessing a cigarette machine" means to own, lease, rent or have on one's premises a cigarette machine for the purpose of engaging in the business of making the cigarette machine available to individuals who use the cigarette machine to make or fabricate cigarettes for their own use or consumption, and not for resale.

"Prior continuous compliance taxpayer" means any person who is licensed under this Act and who, having been a licensee for a continuous period of 5 years, is determined by the Department not to have been either delinquent or deficient in the payment of tax liability during that period or otherwise in violation of this Act. "Prior continuous compliance taxpayer" also means any taxpayer who has, as verified by the Department, continuously complied with the condition of his bond or other security under provisions of this Act for a period of 5 consecutive years.

"Retailer" means any person who engages in the making of transfers of the ownership of, or title to, tobacco or cigarettes to a purchaser for use or consumption and not for resale in any form, for a valuable consideration.

"Sale" means any transfer, exchange, or barter in any manner or by any means whatsoever for a consideration, and includes and means all sales made by any person.

Section 1-10. Tax imposed.

(a) Beginning August 1, 2012, a tax is imposed upon all persons engaged in the business of operating a cigarette machine. The tax is imposed at the rate of 99 mills per cigarette made or fabricated by a cigarette machine possessed by a cigarette machine operator.

(b) If, after July 1, 2012, the General Assembly increases the rate of tax imposed under Section 2 of the Cigarette Tax Act, then the tax imposed under subsection (a) of this Section shall be increased by the same amount beginning on the effective date of the Cigarette Tax increase, but not earlier than August 1, 2012.

(c) The tax herein imposed shall be in addition to all other occupation or privilege taxes imposed by the State of Illinois or by any municipal corporation or political subdivision thereof.

(d) Persons subject to the tax imposed by this Act may reimburse themselves for their tax liability under this Act by separately stating such tax, less any credit the machine operator claims under subsection (b) of Section 1-40 of this Act on tobacco sold to and used by users of a cigarette machine to make or fabricate cigarettes, as an additional charge to users of cigarette machines.

(e) If any cigarette machine operator collects an amount (however designated) which purports to reimburse such operator for his or her cigarette machine operators' occupation tax liability under this Act with respect to cigarettes that are not subject to cigarette machine operators' occupation tax under this Act, or if any cigarette machine operator, in collecting an amount (however designated) which purports to reimburse such operator for his or her cigarette machine operators' occupation tax liability measured

by cigarettes made or fabricated by a cigarette machine that are subject to tax under this Act, collects more from the customer than the cigarette machine operators' cigarette machine operators' occupation tax liability in the transaction, the customer shall have a legal right to claim a refund of that amount from the cigarette machine operator. However, if such amount is not refunded to the customer for any reason, the cigarette machine operator is liable to pay such amount to the Department.

Section 1-15. Cigarette machine operator license. No person may engage in the business of operating a cigarette machine in this State on or after August 1, 2012 without first having obtained a license from the Department. Application for a license shall be made to the Department on a form furnished and prescribed by the Department. Each applicant for a license under this Section shall furnish the following information to the Department on a form signed and verified by the applicant under penalty of perjury:

- (1) the name and address of the applicant;
- (2) the address of the location at which the applicant proposes to engage in the business of operating a cigarette machine in this State; and
- (3) any other additional information the Department may reasonably require.

The annual license fee payable to the Department for each cigarette machine operator license is \$250. Each applicant for a license shall pay that fee to the Department at the time of submitting an application for license to the Department.

Every applicant who is required to procure a cigarette machine operator license shall file with his or her application a joint and several bond. Such bond shall be executed to the Department of Revenue, with good and sufficient surety or sureties residing or licensed to do business within the State of Illinois, in the amount of \$2,500, conditioned upon the true and faithful compliance by the licensee with all of the provisions of this Act. Such bond, or a reissue thereof, or a substitute therefore, shall be kept in effect during the entire period covered by the license. A separate application for license shall be made, a separate annual license fee paid, and a separate bond filed, for each place of business at which a person who is required to procure a cigarette machine operator license under this Section proposes to engage in business as a cigarette machine operator in Illinois under this Act.

The following are ineligible to receive a cigarette machine operator license under this Act:

- (1) a person who is not of good character and reputation in the community in which he resides;
- (2) a person who has been convicted of a felony under any federal or State law, if the Department, after investigation and a hearing, if requested by the applicant, determines that such person has not been sufficiently rehabilitated to warrant the public trust;
- (3) a corporation, if any officer, manager, or director thereof, or any stockholder or stockholders owning in the aggregate more than 5% of the stock of such corporation, would not be eligible to receive a license under this Act for any reason; or
- (4) a person, or any person who owns more than 15% of the ownership interests in an entity or a related party, who:
 - (A) owes, at the time of application, any delinquent cigarette taxes or tobacco taxes that have been determined by law to be due and unpaid, unless the license applicant has entered into an agreement approved by the Department to pay the amount due;
 - (B) has had a license under this Act, the Cigarette Tax Act, the Cigarette Use Tax Act, or the Tobacco Products Tax Act of 1995 revoked within the past 2 years by the Department for misconduct relating to stolen or contraband cigarettes or has been convicted of a State or federal crime, punishable by imprisonment of one year or more, relating to stolen or contraband cigarettes;
 - (C) has been found by the Department, after notice and a hearing, to have imported or caused to be imported into the United States for sale or distribution any cigarette in violation of 19 U.S.C. 1681a;
 - (D) has been found by the Department, after notice and a hearing, to have imported or caused to be imported into the United States for sale or distribution, or manufactured for sale or distribution in the United States, any cigarette that does not fully comply with the Federal Cigarette Labeling and Advertising Act (15 U.S.C. 1331, et seq.); or
 - (E) has been found by the Department, after notice and a hearing, to have made a material false statement in the application or has failed to produce records required to be maintained by this Act.

The Department, upon receipt of an application, license fee, and bond in proper form from a person who is eligible to receive a cigarette machine operator license under this Act, shall issue to such applicant a license in a form as prescribed by the Department. That license shall permit the applicant to whom it is issued to engage in business as a cigarette machine operator at the place shown in his or her

application. All licenses issued by the Department under this Section shall be valid for a period not to exceed one year after issuance unless sooner revoked, canceled, or suspended as provided in this Act. No license issued under this Section is transferable or assignable. Such license shall be conspicuously displayed in the place of business conducted by the licensee under such license. No cigarette machine operator acquires any vested interest or compensable property right in a license issued under this Act.

A cigarette machine operator shall notify the Department of any change in the information contained on the application form, including any change in ownership, and shall do so within 30 days after that change.

Every prior continuous compliance taxpayer shall be exempt from all requirements under this Section concerning the furnishing of bond as a condition precedent to his being authorized to engage in the business licensed under this Act. This exemption shall continue for each prior continuous compliance taxpayer until such time as he may be determined by the Department to be delinquent in the filing of any returns, or is determined by the Department (either through the Department's issuance of a final assessment which has become final under the Act, or by the taxpayer's filing of a return which admits tax to be due that is not paid) to be delinquent or deficient in the paying of any tax under this Act, at which time that taxpayer shall become subject to the bond requirements of this Section and, as a condition of being allowed to continue to engage in the business licensed under this Act, shall be required to furnish bond to the Department in such form as provided in this Section. The taxpayer shall furnish such bond for a period of 2 years, after which, if the taxpayer has not been delinquent in the filing of any returns, or delinquent or deficient in the paying of any tax under this Act, the Department may reinstate that person as a prior continuance compliance taxpayer. Any taxpayer who fails to pay an admitted or established liability under this Act may also be required by the Department to post bond or other acceptable security with the Department guaranteeing the payment of that admitted or established liability.

The Department shall discharge any surety and shall release and return any bond or security deposited, assigned, pledged, or otherwise provided to it by a taxpayer under this Section within 30 days after:

(1) that taxpayer becomes a prior continuous compliance taxpayer; or

(2) that taxpayer has ceased to collect receipts on which he is required to remit tax to the Department, has filed a final tax return, and has paid to the Department an amount sufficient to discharge his remaining tax liability as determined by the Department under this Act. The Department shall make a final determination of the taxpayer's outstanding tax liability as expeditiously as possible after his final tax return has been filed. If the Department cannot make the final determination within 45 days after receiving the final tax return, it shall so notify the taxpayer within that period, stating its reasons therefore.

Any person aggrieved by any decision of the Department under this Section may, within 20 days after receiving notice of the decision, protest and request a hearing. Upon receiving a written request for a hearing, the Department shall give notice to the person requesting the hearing of the time and place fixed for the hearing and shall hold a hearing in conformity with the provisions of this Act and then issue its final administrative decision in the matter to that person. In the absence of a protest and request for a hearing within 20 days, the Department's decision shall become final without any further determination being made or notice given.

Section 1-20. Revocation, cancellation, or suspension of license. The Department may, after notice and hearing as provided for by this Act, revoke, cancel, or suspend the license of any cigarette machine operator for the violation of any provision of this Act, or for noncompliance with the provisions of this Act, or for any noncompliance with any lawful rule or regulation promulgated by the Department under this Act, or because the licensee is determined to be ineligible for a cigarette machine operator's license for any one or more of the reasons provided for in Section 1-15 of this Act.

Any cigarette machine operator aggrieved by any decision of the Department under this Section may, within 20 days after notice of the decision, protest and request a hearing. Upon receiving a written request for a hearing, the Department shall give notice in writing to the cigarette machine operator requesting the hearing that contains a statement of the charges preferred against the cigarette machine operator and that states the time and place fixed for the hearing. The Department shall hold the hearing in conformity with the provisions of this Act and then issue its final administrative decision in the matter to the cigarette machine operator. In the absence of a written protest and request for a hearing within 20 days, the Department's decision shall become final without any further determination being made or notice given.

No license so revoked shall be reissued to any cigarette machine operator for a period of 6 months after the date of the final determination of such revocation. No license shall be reissued at all so long as

the person who would receive the license is ineligible to receive a cigarette machine operator's license under this Act for any one or more of the reasons provided for in Section 1-15 of this Act.

The Department, upon complaint filed in the circuit court, may, by injunction, restrain any person who fails or refuses to comply with any of the provisions of this Act from acting as a cigarette machine operator in this State.

Section 1-25. Restriction on tobacco used in cigarette machines.

(a) Only roll-your-own tobacco products of a brand family and manufacturer identified on the State of Illinois Directory of Participating Manufacturers or the Illinois Directory of Compliant Non-Participating Manufacturers maintained by the Office of the Attorney General may be sold by cigarette machine operators to customers for use in cigarette machines possessed by the cigarette machine operator.

(b) Only roll-your-own tobacco products meeting the requirements of subsection (a) and purchased at the place of business of the cigarette machine operator may be used in a cigarette machine at that location.

Section 1-30. Cigarette tubes used in cigarette machines.

(a) All cigarette tubes used in cigarette machines in the possession of cigarette machine operators licensed under Section 1-15 of this Act shall be constructed of paper of a type determined by the Attorney General, pursuant to rules promulgated by the Attorney General under the provisions of the Administrative Procedure Act, to reduce the likely ignition propensity of cigarettes made by those tubes.

(b) A cigarette machine operator is not required to comply with subsection (a) of this Section until the Attorney General has promulgated rules implementing subsection (a) and the rules have become effective. The effective date for such rules shall be no earlier than January 1, 2014.

Section 1-35. Cigarette machine operators; sale of cigarettes.

(a) The cigarette machine operator is responsible for complying with all State and federal laws and regulations regarding packaging and labeling of original packages of cigarettes.

(b) A person possessing a cigarette machine operator license may not purchase unstamped cigarettes from an in-State or out-of-State manufacturer or distributor of cigarettes.

(c) Cigarettes made or fabricated by a cigarette machine may not be sold or distributed to, or possessed by, manufacturers, distributors, secondary distributors, manufacturer representatives, or retailers, except the cigarette machine operator.

(d) A cigarette machine possessed by a cigarette machine operator shall have a secure meter that counts the number of cigarettes made or fabricated by the cigarette machine and that cannot be accessed, altered, or reset by the machine operator, except for the sole purpose of taking meter readings.

Section 1-40. Returns.

(a) Cigarette machine operators shall file a return and remit the tax imposed by Section 1-10 by the 15th day of each month covering the preceding calendar month. Each such return shall show: the quantity of cigarettes made or fabricated during the period covered by the return; the beginning and ending meter reading for each cigarette machine for the period covered by the return; the quantity of such cigarettes sold or otherwise disposed of during the period covered by the return; the brand family and manufacturer and quantity of tobacco products used to make or fabricate cigarettes by use of a cigarette machine; the license number of each distributor from whom tobacco products are purchased; the type and quantity of cigarette tubes purchased for use in a cigarette machine; the type and quantity of cigarette tubes used in a cigarette machine; and such other information as the Department may require. Such returns shall be filed on forms prescribed and furnished by the Department. The Department may promulgate rules to require that the cigarette machine operator's return be accompanied by appropriate computer-generated magnetic media supporting schedule data in the format required by the Department, unless, as provided by rule, the Department grants an exception upon petition of a cigarette machine operator.

Cigarette machine operators shall send a copy of those returns, together with supporting schedule data, to the Attorney General's Office by the 15th day of each month for the period covering the preceding calendar month.

(b) Cigarette machine operators may take a credit against any tax due under Section 1-10 of this Act for taxes imposed and paid under the Tobacco Products Tax Act of 1995 on tobacco products sold to a customer and used in a rolling machine located at the cigarette machine operator's place of business. To be eligible for such credit, the tobacco product must meet the requirements of subsection (a) of Section

1-25 of this Act. This subsection (b) is exempt from the provisions of Section 1-155 of this Act.

Section 1-45. Examination and correction of returns.

(a) As soon as practicable after any return is filed, the Department shall examine that return and shall correct the return according to its best judgment and information, which return so corrected by the Department shall be prima facie correct and shall be prima facie evidence of the correctness of the amount of tax due, as shown on the corrected return. Instead of requiring the cigarette machine operator to file an amended return, the Department may simply notify the cigarette machine operator of the correction or corrections it has made. Proof of the correction by the Department may be made at any hearing before the Department or in any legal proceeding by a reproduced copy of the Department's record relating thereto in the name of the Department under the certificate of the Director of Revenue. Such reproduced copy shall, without further proof, be admitted into evidence before the Department or in any legal proceeding and shall be prima facie proof of the correctness of the amount of tax due, as shown on the reproduced copy. If the Department finds that any amount of tax is due from the cigarette machine operator, the Department shall issue the cigarette machine operator a notice of tax liability for the amount of tax claimed by the Department to be due, together with a penalty in an amount determined in accordance with Sections 3-3, 3-5 and 3-6 of the Uniform Penalty and Interest Act. If, in administering the provisions of this Act, comparison of a return or returns of a cigarette machine operator with the books, records, and inventories of such cigarette machine operator discloses a deficiency that cannot be allocated by the Department to a particular month or months, the Department shall issue the cigarette machine operator a notice of tax liability for the amount of tax claimed by the Department to be due for a given period, but without any obligation upon the Department to allocate that deficiency to any particular month or months, together with a penalty in an amount determined in accordance with Sections 3-3, 3-5, and 3-6 of the Uniform Penalty and Interest Act, under which circumstances the aforesaid notice of tax liability shall be prima facie correct and shall be prima facie evidence of the correctness of the amount of tax due, as shown therein; and proof of such correctness may be made in accordance with, and the admissibility of a reproduced copy of such notice of tax liability shall be governed by, all the provisions of this Act applicable to corrected returns. If any cigarette machine operator filing any return dies or becomes a person under legal disability at any time before the Department issues its notice of tax liability, such notice shall be issued to the administrator, executor, or other legal representative of the cigarette machine operator.

(b) If, within 60 days after such notice of tax liability, the cigarette machine operator or his or her legal representative files a written protest to such notice of tax liability and requests a hearing thereon, the Department shall give notice to such cigarette machine operator or legal representative of the time and place fixed for such hearing, and shall hold a hearing in conformity with the provisions of this Act, and pursuant thereto shall issue a final assessment to such cigarette machine operator or legal representative for the amount found to be due as a result of such hearing. If a written protest to the notice of tax liability and a request for a hearing thereon is not filed within 60 days after such notice of tax liability, such notice of tax liability shall become final without the necessity of a final assessment being issued and shall be deemed to be a final assessment.

(c) In case of failure to pay the tax, or any portion thereof, or any penalty provided for in this Act, when due, the Department may bring suit to recover the amount of such tax, or portion thereof, or penalty; or, if the taxpayer dies or becomes incompetent, by filing claim therefore against his or her estate; provided that no such action with respect to any tax, or portion thereof, or penalty, shall be instituted more than 2 years after the cause of action accrues, except with the consent of the person from whom such tax or penalty is due.

After the expiration of the period within which the person assessed may file an action for judicial review under the Administrative Review Law without such an action being filed, a certified copy of the final assessment or revised final assessment of the Department may be filed with the circuit court of the county in which the taxpayer has his or her principal place of business, or of Sangamon County in those cases in which the taxpayer does not have his or her principal place of business in this State. The certified copy of the final assessment or revised final assessment shall be accompanied by a certification which recites facts that are sufficient to show that the Department complied with the jurisdictional requirements of the law in arriving at its final assessment or its revised final assessment and that the taxpayer had his or her opportunity for an administrative hearing and for judicial review, whether he or she availed himself or herself of either or both of these opportunities or not. If the court is satisfied that the Department complied with the jurisdictional requirements of the law in arriving at its final assessment or its revised final assessment and that the taxpayer had his or her opportunity for an administrative hearing and for judicial review, whether he or she availed himself or herself of either or

both of these opportunities or not, the court shall enter judgment in favor of the Department and against the taxpayer for the amount shown to be due by the final assessment or the revised final assessment, and such judgment shall be filed of record in the court. Such judgment shall bear the rate of interest set in the Uniform Penalty and Interest Act, but otherwise shall have the same effect as other judgments. The judgment may be enforced, and all laws applicable to sales for the enforcement of a judgment shall be applicable to sales made under such judgments. The Department shall file the certified copy of its assessment, as herein provided, with the circuit court within 2 years after such assessment becomes final except when the taxpayer consents in writing to an extension of such filing period.

If, when the cause of action for a proceeding in court accrues against a person, he or she is out of the State, the action may be commenced within the times herein limited, after his or her coming into or returning to the State; and if, after the cause of action accrues, he or she departs from and remains out of the State, the time of his or her absence is no part of the time limited for the commencement of the action; but the foregoing provisions concerning absence from the State shall not apply to any case in which, at the time the cause of action accrues, the party against whom the cause of action accrues is not a resident of this State. The time within which a court action is to be commenced by the Department hereunder shall not run while the taxpayer is a debtor in any proceeding under the federal Bankruptcy Code nor thereafter until 90 days after the Department is notified by such debtor of being discharged in bankruptcy.

No claim shall be filed against the estate of any deceased person or a person under legal disability for any tax or penalty or part of either except in the manner prescribed and within the time limited by the Probate Act of 1975.

The remedies provided for herein shall not be exclusive, but all remedies available to creditors for the collection of debts shall be available for the collection of any tax or penalty due hereunder.

The collection of tax or penalty by any means provided for herein shall not be a bar to any prosecution under this Act.

The certificate of the Director of the Department to the effect that a tax or amount required to be paid by this Act has not been paid, that a return has not been filed, or that information has not been supplied pursuant to the provisions of this Act, shall be prima facie evidence thereof.

All of the provisions of Sections 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5i and 5j of the Retailers' Occupation Tax Act, which are not inconsistent with this Act, shall apply, as far as practicable, to the subject matter of this Act to the same extent as if such provisions were included herein. References in such incorporated Sections of the Retailers' Occupation Tax Act to retailers, to sellers, or to persons engaged in the business of selling tangible personal property shall mean cigarette machine operator when used in this Act.

Section 1-50. Failure to file return or pay tax; penalty; protest.

In case any person who is required to file a return under this Act fails to file a return, or files a return and fails to remit the correct amount of tax, the Department shall determine the amount of tax due from him according to its best judgment and information, which amount so fixed by the Department shall be prima facie correct and shall be prima facie evidence of the correctness of the amount of tax due, as shown in such determination. Proof of such determination by the Department may be made at any hearing before the Department or in any legal proceeding by a reproduced copy of the Department's record relating thereto in the name of the Department under the certificate of the Director of Revenue. Such reproduced copy shall, without further proof, be admitted into evidence before the Department or in any legal proceeding and shall be prima facie proof of the correctness of the amount of tax due, as shown therein. The Department shall issue such person a notice of tax liability for the amount of tax claimed by the Department to be due, together with a penalty in an amount determined in accordance with Sections 3-3, 3-5 and 3-6 of the Uniform Penalty and Interest Act. If such person or the legal representative of such person, within 60 days after such notice, files a written protest to such notice of tax liability and requests a hearing thereon, the Department shall give notice to such person or the legal representative of such person of the time and place fixed for such hearing and shall hold a hearing in conformity with the provisions of this Act, and pursuant thereto shall issue a final assessment to such person or to the legal representative of such person for the amount found to be due as a result of such hearing. If a written protest to the notice of tax liability and a request for a hearing thereon is not filed within 60 days after such notice of tax liability, such notice of tax liability shall become final without the necessity of a final assessment being issued and shall be deemed to be a final assessment.

Section 1-55. Claims; credit memorandum or refunds. If it appears, after claim is filed with the Department, that an amount of tax or penalty has been paid which was not due under this Act, whether

as the result of a mistake of fact or an error of law, except as hereinafter provided, then the Department shall issue a credit memorandum or refund to the person who made the erroneous payment or, if that person has died or become a person under legal disability, to his or her legal representative.

If it is determined that the Department should issue a credit or refund under this Act, the Department may first apply the amount thereof against any amount of tax or penalty due under this Act, the Cigarette Tax Act, the Cigarette Use Tax Act, or the Tobacco Products Act of 1995 from the person entitled to that credit or refund. For this purpose, if proceedings are pending to determine whether or not any tax or penalty is due under this Act or under the Cigarette Tax Act, Cigarette Use Tax Act, or the Tobacco Products Act of 1995 from the person, the Department may withhold issuance of the credit or refund pending the final disposition of such proceedings and may apply such credit or refund against any amount found to be due to the Department under this Act, the Cigarette Tax Act, the Cigarette Use Tax Act, or the Tobacco Products Act of 1995 as a result of such proceedings. The balance, if any, of the credit or refund shall be issued to the person entitled thereto.

If no tax or penalty is due and no proceeding is pending to determine whether such taxpayer is indebted to the Department for the payment of a tax or penalty, the credit memorandum or refund shall be issued to the claimant; or (in the case of a credit memorandum) the credit memorandum may be assigned and set over by the lawful holder thereof, subject to reasonable rules of the Department, to any other person who is subject to this Act, the Cigarette Tax Act, the Cigarette Use Tax Act, or the Tobacco Products Act of 1995, and the amount thereof shall be applied by the Department against any tax or penalty due or to become due under this Act, the Cigarette Tax Act, the Cigarette Use Tax Act, or the Tobacco Products Act of 1995 from such assignee.

As to any claim filed hereunder with the Department on and after each January 1 and July 1, no amount of tax or penalty erroneously paid (either in total or partial liquidation of a tax or penalty under this Act) more than 3 years prior to such January 1 and July 1, respectively, shall be credited or refunded, except that, if both the Department and the taxpayer have agreed to an extension of time to issue a notice of tax liability under this Act, the claim may be filed at any time prior to the expiration of the period agreed upon.

Any credit or refund that is allowed under this Act shall bear interest at the rate and in the manner set forth in the Uniform Penalty and Interest Act.

In case the Department determines that the claimant is entitled to a refund, such refund shall be made only from appropriations available for that purpose. If it appears unlikely that the amount appropriated would permit everyone having a claim allowed during the period covered by such appropriation to elect to receive a cash refund, the Department, by rule or regulation, shall provide for the payment of refunds in hardship cases and shall define what types of cases qualify as hardship cases.

The provisions of Sections 6a, 6b, and 6c of the Retailers' Occupation Tax Act which are not inconsistent with this Act shall apply, as far as practicable, to the subject matter of this Act to the same extent as if such provisions were included herein.

Section 1-60. Investigations and hearings. The Department, or any officer or employee designated in writing by the Director thereof, for the purpose of administering and enforcing the provisions of this Act, may hold investigations and hearings concerning any matters covered by this Act, and may examine books, papers, records, or memoranda bearing upon the sale or other disposition of cigarettes or tobacco products by a cigarette machine operator, and may issue subpoenas requiring the attendance of a cigarette machine operator, or any officer or employee of a cigarette machine operator, or any person having knowledge of the facts, and may take testimony and require proof, and may issue subpoenas duces tecum to compel the production of relevant books, papers, records, and memoranda, for the information of the Department.

In the conduct of any investigation or hearing provided for by this Act, neither the Department, nor any officer or employee thereof, shall be bound by the technical rules of evidence, and no informality in the proceedings nor in the manner of taking testimony shall invalidate any rule, order, decision, or regulation made, approved, or confirmed by the Department.

The Director of Revenue, or any duly authorized officer or employee of the Department, shall have the power to administer oaths to such persons required by this Act to give testimony before the Department.

The books, papers, records, and memoranda of the Department, or parts thereof, may be proved in any hearing, investigation or legal proceeding by a reproduced copy thereof under the certificate of the Director of Revenue. Such reproduced copy shall, without further proof, be admitted into evidence before the Department or in any legal proceeding.

Section 1-65. Testimony and production of documents; immunity. No person shall be excused from testifying or from producing any books, papers, records, or memoranda in any investigation or upon any hearing, when ordered to do so by the Department or any officer or employee thereof, upon the ground that the testimony or evidence, documentary or otherwise, may tend to incriminate him or subject him to a criminal penalty, but no person shall be prosecuted or subjected to any criminal penalty for or on account of the subject matter of his or her testimony or the evidence produced before the Department or an officer or employee of the Department; provided that such immunity shall extend only to a natural person who, in obedience to a subpoena, gives testimony under oath or produces evidence under oath. No person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying.

Section 1-70. Confidentiality; official purposes. All information received by the Department from returns or reports filed under this Act, or from any investigation conducted under this Act, shall be confidential, except for official purposes, and any person who divulges any such information in any manner, except in accordance with a proper judicial order or as otherwise provided by law, shall be guilty of a Class A misdemeanor.

Nothing in this Act prevents the Director of Revenue from publishing or making available to the public the names and addresses of persons filing returns or reports under this Act, or reasonable statistics concerning the operation of the tax by grouping the contents of returns or reports so that the information in any individual return or report is not disclosed.

Nothing in this Act prevents the Director of Revenue from divulging to the United States government or the government of any other state, or any officer or agency thereof, for exclusively official purposes, information received by the Department in administering this Act, provided that such other governmental agency agrees to divulge requested tax information to the Department.

The furnishing upon request of the Auditor General, or his authorized agents, for official use, of returns or reports filed and information related thereto under this Act is deemed to be an official purpose within the meaning of this Section.

The furnishing of financial information to a home rule unit with a population in excess of 2,000,000 that has imposed a tax similar to that imposed by this Act under its home rule powers, upon request of the Chief Executive of the home rule unit, is an official purpose within the meaning of this Section, provided the home rule unit agrees in writing to the requirements of this Section. Information so provided is subject to all confidentiality provisions of this Section. The written agreement shall provide for reciprocity, limitations on access, disclosure, and procedures for requesting information.

The Director may make available to any State agency, including the Illinois Supreme Court, that licenses persons to engage in any occupation, information that a person licensed by such agency has failed to file returns under this Act or pay the tax, penalty, and interest shown therein, or has failed to pay any final assessment of tax, penalty, or interest due under this Act or has failed to file reports under this Act. An assessment is final when all proceedings in court for review of such assessment have terminated or the time for the taking thereof has expired without such proceedings being instituted.

The Director shall make available for public inspection in the Department's principal office and for publication, at cost, administrative decisions issued on or after January 1, 2013. These decisions are to be made available in a manner so that the following taxpayer or licensee information is not disclosed:

(1) The names, addresses, and identification numbers of the taxpayer or licensee, related entities, and employees.

(2) At the sole discretion of the Director, trade secrets or other confidential

information identified as such by the taxpayer or licensee no later than 30 days after receipt of an administrative decision, by such means as the Department shall provide by rule.

The Director shall determine the appropriate extent of the deletions allowed in paragraph (2). In the event the taxpayer or licensee does not submit deletions, the Director shall make only the deletions specified in paragraph (1).

The Director shall make available for public inspection and publication each administrative decision within 180 days after the issuance of the administrative decision. The term "administrative decision" has the same meaning as defined in Section 3-101 of the Code of Civil Procedure. Costs collected under this Section shall be paid into the Tax Compliance and Administration Fund.

Nothing contained in this Act shall prevent the Director from divulging information to any person pursuant to a request or authorization made by the taxpayer or licensee or by an authorized representative of the taxpayer or licensee.

Section 1-75. Records. Every cigarette machine operator who is required to procure a license under

this Act shall keep within Illinois, at his licensed address: complete and accurate records of the quantity of such cigarettes made or fabricated; meter readings for each cigarette machine; the quantity of such cigarettes sold or otherwise disposed of; the brand family and manufacturer and quantity of tobacco products purchased and the brand family and manufacturer and quantity of tobacco products used to make or fabricate cigarettes by use of a cigarette machine; the name, address, and license number of each distributor from whom the cigarette machine operator purchases tobacco products; the type and quantity of cigarette tubes purchased for use in a cigarette machine; the type and quantity of cigarette tubes used in a cigarette machine; and such other information as the Department may require, and shall preserve and keep within Illinois at his licensed address all invoices, bills of lading, sales records, copies of bills of sale, inventory at the close of each period for which a return is required of all cigarettes, tobacco products and cigarette tubes on hand, and other pertinent papers and documents relating to the manufacture, purchase, sale, or disposition of cigarettes and tobacco products. All books and records and other papers and documents that are required by this Act to be kept shall be kept in the English language, and shall, at all times during the usual business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees. The Department may adopt rules that establish requirements, including record forms and formats, for records required to be kept and maintained by taxpayers. For purposes of this Section, "records" means all data maintained by the taxpayer, including data on paper, microfilm, microfiche or any type of machine-sensible data compilation. Those books, records, papers and documents shall be preserved for a period of at least 3 years after the date of the documents, or the date of the entries appearing in the records, unless the Department, in writing, authorizes their destruction or disposal at an earlier date. At all times during the usual business hours of the day any duly authorized agent or employee of the Department may enter any place of business of the cigarette machine operator, without a search warrant, and inspect the premises and the stock or packages of cigarettes, tobacco products, cigarette tubes, and the cigarette machines therein contained, to determine whether any of the provisions of this Act are being violated. If such agent or employee is denied free access or is hindered or interfered with in making such examination as herein provided, the license of the cigarette machine operator at such premises shall be subject to revocation by the Department.

Section 1-80. Subpoenas and witnesses; depositions. The Department, or any officer or employee of the Department designated in writing by the Director, shall, at its, his, or her own instance, or on the written request of any cigarette machine operator or other interested party to the proceeding, issue subpoenas requiring the attendance of and the giving of testimony by witnesses, and subpoenas duces tecum requiring the production of books, papers, records or memoranda. All subpoenas and subpoenas duces tecum issued under the terms of this Act may be served by any person of full age. The fees of witnesses for attendance and travel shall be the same as the fees of witnesses before the circuit court of this State; such fees to be paid when the witness is excused from further attendance. When the witness is subpoenaed at the instance of the Department or any officer or employee thereof, such fees shall be paid in the same manner as other expenses of the Department, and when the witness is subpoenaed at the instance of any other party to any such proceeding, the cost of service of the subpoena or subpoena duces tecum and the fee of the witness shall be borne by the party at whose instance the witness is summoned. In such case, the Department, in its discretion, may require a deposit to cover the cost of such service and witness fees. A subpoena or subpoena duces tecum so issued shall be served in the same manner as a subpoena or subpoena duces tecum issued out of a court.

Any circuit court of this State, upon the application of the Department or any officer or employee thereof, or upon the application of any other party to the proceeding, may, in its discretion, compel the attendance of witnesses, the production of books, papers, records or memoranda and the giving of testimony before the Department or any officer or employee thereof conducting an investigation or holding a hearing authorized by this Act, by an attachment for contempt, or otherwise, in the same manner as production of evidence may be compelled before the court.

The Department or any officer or employee thereof, or any other party in an investigation or hearing before the Department, may cause the depositions of witnesses within the State to be taken in the manner prescribed by law for like depositions, or depositions for discovery in civil actions in courts of this State, and to that end compel the attendance of witnesses and the production of books, papers, records or memoranda, in the same manner provided herein.

Section 1-85. Regulations and rules; notice; hearings. The Department may adopt and enforce such reasonable rules and regulations relating to the administration and enforcement of this Act as may be deemed expedient.

Whenever notice is required by this Act, such notice may be given by United States certified or registered mail, addressed to the person concerned at his last known address, and proof of such mailing shall be sufficient for the purposes of this Act. Notice of any hearing provided for by this Act shall be so given not less than 7 days prior to the day fixed for the hearing.

Hearings provided for in this Act shall be held:

- (1) in Cook County, if the taxpayer's or licensee's principal place of business is in that county;
- (2) at the Department's office nearest the taxpayer's or licensee's principal place of business, if the taxpayer's or licensee's principal place of business is in Illinois but outside Cook County; or
- (3) in Sangamon County, if the taxpayer's or licensee's principal place of business is outside Illinois.

The circuit court of the county wherein the hearing is held has power to review all final administrative decisions of the Department in administering this Act. The provisions of the Administrative Review Law, and all amendments and modifications thereof, and the rules adopted pursuant thereto, shall apply to and govern all proceedings for the judicial review of final administrative decisions of the Department under this Act. The term "administrative decision" is defined as in Section 3-101 of the Code of Civil Procedure.

Service upon the Director of Revenue or Assistant Director of Revenue of summons issued in any action to review a final administrative decision shall be service upon the Department. The Department shall certify the record of its proceedings if the cigarette machine operator pays to it the sum of 75¢ per page of testimony taken before the Department and 25¢ per page of all other matters contained in such record, except that these charges may be waived where the Department is satisfied that the aggrieved party is an indigent person who cannot afford to pay such charges. Before the delivery of such record to the person applying for it, payment of these charges must be made, and if the record is not paid for within 30 days after notice that such record is available, the complaint may be dismissed by the court upon motion of the Department.

No stay order shall be entered by the circuit court unless the cigarette machine operator files with the court a bond, in an amount fixed and approved by the court, to indemnify the State against all loss and injury which may be sustained by it on account of the review proceedings and to secure all costs which may be occasioned by such proceedings.

Whenever any proceeding provided by this Act is begun before the Department, either by the Department or by a person subject to this Act, and such person thereafter dies or becomes a person under legal disability before such proceeding is concluded, the legal representative of the deceased person or of the person under legal disability shall notify the Department of such death or legal disability. Such legal representative, as such, shall then be substituted by the Department for such person. If the legal representative fails to notify the Department of his or her appointment as such legal representative, the Department may, upon its own motion, substitute such legal representative in the proceeding pending before the Department for the person who died or became a person under legal disability.

Section 1-90. The Illinois Administrative Procedure Act. The Illinois Administrative Procedure Act is hereby expressly adopted and shall apply to all administrative rules and procedures of the Department of Revenue under this Act, except that: (1) paragraph (b) of Section 5-10 of the Illinois Administrative Procedure Act does not apply to final orders, decisions and opinions of the Department; (2) subparagraph (a)(ii) of Section 5-10 of the Illinois Administrative Procedure Act does not apply to forms established by the Department for use under this Act; and (3) the provisions of Section 10-45 of the Illinois Administrative Procedure Act regarding proposals for decision are excluded and not applicable to the Department under this Act.

Section 1-95. Legal proceedings. All legal proceedings under this Act, whether civil or criminal, shall be instituted and prosecuted by the Attorney General or by the State's Attorney for the county in which an offense under this Act is committed, and all civil actions may be brought in the name of the Department of Revenue.

Section 1-100. Arrest and seizure. Any duly authorized employee of the Department may: arrest without warrant any person committing in his presence a violation of any of the provisions of this Act; may without a search warrant inspect all cigarettes and cigarette machines located in any place of business; and may seize any contraband cigarettes and any cigarette machines in which such contraband cigarettes may be found or may be made, and such packages or cigarette machines so seized shall be

subject to confiscation and forfeiture as provided in Section 1-105 of this Act.

Section 1-105. Hearings regarding seized cigarettes and cigarette machines. After seizing any cigarettes or cigarette machines, as provided in Section 1-100 of this Act, the Department shall hold a hearing and shall determine whether such cigarettes, at the time of their seizure by the Department, were contraband cigarettes, or whether such cigarette machines, at the time of their seizure by the Department, contained or made contraband cigarettes. The Department shall give not less than 7 days' notice of the time and place of such hearing to the owner of such property, if he is known, and also to the person in whose possession the property so taken was found, if such person is known and if such person in possession is not the owner of said property. In case neither the owner nor the person in possession of such property is known, the Department shall cause publication of the time and place of such hearing to be made at least once in each week for 3 weeks successively in a newspaper of general circulation in the county where such hearing is to be held.

If, as the result of such hearing, the Department determines that the cigarettes seized were, at the time of seizure, contraband cigarettes, or that any cigarette machine at the time of its seizure contained or made contraband cigarettes, the Department shall enter an order declaring such cigarettes or such cigarette machine confiscated and forfeited to the State, and to be held by the Department for disposal as provided in this Section. The Department shall give notice of such order to the owner of such property if he is known, and also to the person in whose possession the property so taken was found, if such person is known, and if such person in possession is not the owner of the property. In case neither the owner nor the person in possession of such property is known, the Department shall cause publication of such order to be made at least once in each week for 3 weeks successively in a newspaper of general circulation in the county where such hearing was held.

When any cigarettes or any cigarette machine shall have been declared forfeited to the State by the Department, as provided hereunder, and when all proceedings for the judicial review of the Department's decision have terminated, the Department shall, to the extent that its decision is sustained on review, destroy or maintain and use such property in an undercover capacity.

Section 1-110. Filing of a complaint.

Whenever any peace officer of the State or any duly authorized officer or employee of the Department shall have reason to believe that any violation of this Act has occurred and that the person so violating the Act has in that person's possession contraband cigarettes, or any cigarette machine containing or making contraband cigarettes, he or she may file or cause to be filed his complaint in writing, verified by affidavit, with any court within whose jurisdiction the premises to be searched are situated, stating the facts upon which such belief is founded, the premises to be searched, and the property to be seized, and procure a search warrant and execute the same. Upon the execution of such search warrant, the peace officer, or officer or employee of the Department, executing such search warrant shall make due return thereof to the court issuing the same, together with an inventory of the property taken thereunder. The court shall thereupon issue process against the owner of such property if he is known; otherwise, such process shall be issued against the person in whose possession the property so taken is found, if such person is known. In case of inability to serve such process upon the owner or the person in possession of the property at the time of its seizure, notice of the proceedings before the court shall be given as required by the statutes of the State governing cases of attachment. Upon the return of the process duly served or upon the posting or publishing of notice made, as herein provided, the court or jury, if a jury shall be demanded, shall proceed to determine whether or not such property so seized was held or possessed in violation of this Act, or whether, if a cigarette machine has been so seized, it contained or was making at the time of its seizure contraband cigarettes. In case of a finding that any cigarette machine so seized contained or was making at the time of its seizure contraband cigarettes, judgment shall be entered confiscating and forfeiting the property to the State and ordering its delivery to the Department, and, in addition thereto, the court shall have power to tax and assess the costs of the proceedings.

When any cigarettes or any cigarette machine is declared forfeited to the State by any court, and when such confiscated and forfeited property is delivered to the Department as provided in this Act, the Department shall destroy or maintain and use such property in an undercover capacity.

Section 1-115. False or fraudulent reports. Any person required by this Act to make, file, render, sign, or verify any report or return, or any officer, agent, or employee of that person, who makes any false or fraudulent report or return or files any false or fraudulent report or return, or who fails to make such report or return or file such report or return when due, is guilty of a Class 4 felony.

[May 28, 2012]

Section 1-120. Possession of more than 200 contraband cigarettes; penalty. Any person possessing more than 200 contraband cigarettes is liable to pay, to the Department, for deposit into the Tax Compliance and Administration Fund, a penalty of \$1 for each such cigarette in excess of 200, unless reasonable cause can be established by the person upon whom the penalty is imposed. This penalty is in addition to the taxes imposed by this Act. Reasonable cause shall be determined in each situation in accordance with rules adopted by the Department. The provisions of the Uniform Penalty and Interest Act do not apply to this Section.

Section 1-125. Possession of not less than 20 and not more than 200 contraband cigarettes; penalty. Any person possessing not less than 20 and not more than 200 contraband cigarettes is liable to pay to the Department, for deposit into the Tax Compliance and Administration Fund, a penalty of \$0.50 for each such cigarette, unless reasonable cause can be established by the person upon whom the penalty is imposed. Reasonable cause shall be determined in each situation in accordance with rules adopted by the Department. The provisions of the Uniform Penalty and Interest Act do not apply to this Section.

Section 1-130. Punishment for sale or possession of contraband cigarettes.

(a) Possession or sale of 200 or less contraband cigarettes. Any person who has in his or her possession or sells 200 or less contraband cigarettes is guilty of a Class A misdemeanor.

(b) Possession or sale of more than 200 and not more than 1000 contraband cigarettes. Any person who has in his or her possession or sells more than 200 and not more than 1000 contraband cigarettes is guilty of a Class A misdemeanor for a first offense and a Class 4 felony for each subsequent offense.

(c) Possession or sale of more than 1000 contraband cigarettes. Any person who has in his or her possession or sells more than 1000 contraband cigarettes is guilty of a Class 4 felony.

Section 1-135. Unlawful operation of cigarette machines. Whoever operates a cigarette machine without a license is guilty of a Class 4 felony. Notwithstanding this Section, and any other provisions of this Act, an individual may own a cigarette machine for that individual's own use, and not for the purpose of resale of cigarettes.

Section 1-140. Failure to keep records; penalty. Any person required by this Act to keep records of any kind, who fails to keep the required records or falsifies those records, is guilty of a Class 4 felony.

Section 1-145. Failure to preserve records; penalty. Any person who fails to safely preserve the records required by Section 1-75 of this Act for the period of 3 years, as required by that Section, in such manner as to insure permanency and accessibility for inspection by the Department, shall be guilty of a business offense and may be fined up to \$5,000.

Section 1-150. Forfeit of bond. If a cigarette machine operator is convicted of the violation of any of the provisions of this Act, or if his or her license is revoked and no review is had of the order or revocation, or if on review thereof the decision is adverse to the cigarette machine operator, or if a cigarette machine operator fails to pay an assessment as to which no judicial review is sought and which has become final, or pursuant to which, upon review thereof, the circuit court has entered a judgment that is in favor of the Department and that has become final, the bond filed pursuant to this Act shall thereupon be forfeited, and the Department may institute a suit upon such bond in its own name for the entire amount of such bond and costs. Such suit upon the bond shall be in addition to any other remedy provided for herein.

Section 1-155. Sunset of exemptions, credits, and deductions. The application of every exemption, credit, and deduction against tax imposed by this Act that becomes law after the effective date of this Act shall be limited by a reasonable and appropriate sunset date. A taxpayer is not entitled to take the exemption, credit, or deduction beginning on the sunset date and thereafter. If a reasonable and appropriate sunset date is not specified in the Public Act that creates the exemption, credit, or deduction, a taxpayer shall not be entitled to take the exemption, credit, or deduction beginning 5 years after the effective date of the Public Act creating the exemption, credit, or deduction and thereafter.

Section 1-160. Distribution of receipts by the Department. All moneys received by the Department under this Act shall be deposited into the Healthcare Provider Relief Fund.

[May 28, 2012]

Section 1-165. Exemption. Persons who are not operating cigarette machines as defined in this Act and are engaged in the business of renting, leasing or selling cigarette machines to persons are exempt from the provisions of this Act.

Section 1-170. Notice. Any person who distributes or offers for sale or rent a cigarette machine in this State shall provide notice to any potential purchaser, lessee, or lessor of that cigarette machine or any retail space containing a cigarette machine. The notice shall contain information about this Act, including: (i) licensure requirements for cigarette machine operators; (ii) tax collection and remittance duties of cigarette machine operators; (iii) any product limitations imposed on cigarette machines by this Act; and (iv) packaging and labeling requirements.

ARTICLE 5. AMENDATORY PROVISIONS

Section 5-5. The Illinois Income Tax Act is amended by adding Section 223 as follows:

(35 ILCS 5/223 new)

Sec. 223. Hospital credit.

(a) For tax years ending on or after December 31, 2012, a taxpayer that is the owner of a hospital licensed under the Hospital Licensing Act, but not including an organization that is exempt from federal income taxes under the Internal Revenue Code, is entitled to a credit against the taxes imposed under subsections (a) and (b) of Section 201 of this Act in an amount equal to the lesser of the amount of real property taxes paid during the tax year on real property used for hospital purposes during the prior tax year or the cost of free or discounted services provided during the tax year pursuant to the hospital's charitable financial assistance policy, measured at cost.

(b) If the taxpayer is a partnership or Subchapter S corporation, the credit is allowed to the partners or shareholders in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code. A transfer of this credit may be made by the taxpayer earning the credit within one year after the credit is earned in accordance with rules adopted by the Department. The Department shall prescribe rules to enforce and administer provisions of this Section. If the amount of the credit exceeds the tax liability for the year, then the excess credit may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a tax liability. If there are credits from more than one tax year that are available to offset a liability, the earlier credit shall be applied first. In no event shall a credit under this Section reduce the taxpayer's liability to less than zero.

Section 5-10. The Use Tax Act is amended by adding Section 3-8 as follows:

(35 ILCS 105/3-8 new)

Sec. 3-8. Hospital exemption.

(a) Tangible personal property sold to or used by a hospital owner that owns one or more hospitals licensed under the Hospital Licensing Act or operated under the University of Illinois Hospital Act, or a hospital affiliate that is not already exempt under another provision of this Act and meets the criteria for an exemption under this Section, is exempt from taxation under this Act.

(b) A hospital owner or hospital affiliate satisfies the conditions for an exemption under this Section if the value of qualified services or activities listed in subsection (c) of this Section for the hospital year equals or exceeds the relevant hospital entity's estimated property tax liability, without regard to any property tax exemption granted under Section 15-86 of the Property Tax Code, for the calendar year in which exemption or renewal of exemption is sought. For purposes of making the calculations required by this subsection (b), if the relevant hospital entity is a hospital owner that owns more than one hospital, the value of the services or activities listed in subsection (c) shall be calculated on the basis of only those services and activities relating to the hospital that includes the subject property, and the relevant hospital entity's estimated property tax liability shall be calculated only with respect to the properties comprising that hospital. In the case of a multi-state hospital system or hospital affiliate, the value of the services or activities listed in subsection (c) shall be calculated on the basis of only those services and activities that occur in Illinois and the relevant hospital entity's estimated property tax liability shall be calculated only with respect to its property located in Illinois.

(c) The following services and activities shall be considered for purposes of making the calculations required by subsection (b):

(1) Charity care. Free or discounted services provided pursuant to the relevant hospital entity's financial assistance policy, measured at cost, including discounts provided under the Hospital Uninsured Patient Discount Act.

(2) Health services to low-income and underserved individuals. Other unreimbursed costs of the relevant hospital entity for providing without charge, paying for, or subsidizing goods, activities, or services for the purpose of addressing the health of low-income or underserved individuals. Those activities or services may include, but are not limited to: financial or in-kind support to affiliated or unaffiliated hospitals, hospital affiliates, community clinics, or programs that treat low-income or underserved individuals; paying for or subsidizing health care professionals who care for low-income or underserved individuals; providing or subsidizing outreach or educational services to low-income or underserved individuals for disease management and prevention; free or subsidized goods, supplies, or services needed by low-income or underserved individuals because of their medical condition; and prenatal or childbirth outreach to low-income or underserved persons.

(3) Subsidy of State or local governments. Direct or indirect financial or in-kind subsidies of State or local governments by the relevant hospital entity that pay for or subsidize activities or programs related to health care for low-income or underserved individuals.

(4) Support for State health care programs for low-income individuals. At the election of the hospital applicant for each applicable year, either (A) 10% of payments to the relevant hospital entity and any hospital affiliate designated by the relevant hospital entity (provided that such hospital affiliate's operations provide financial or operational support for or receive financial or operational support from the relevant hospital entity) under Medicaid or other means-tested programs, including, but not limited, to General Assistance, the Covering ALL KIDS Health Insurance Act, and the State Children's Health Insurance Program or (B) the amount of subsidy provided by the relevant hospital entity and any hospital affiliate designated by the relevant hospital entity (provided that such hospital affiliate's operations provide financial or operational support for or receive financial or operational support from the relevant hospital entity) to State or local government in treating Medicaid recipients and recipients of means-tested programs, including but not limited to General Assistance, the Covering ALL KIDS Health Insurance Act, and the State Children's Health Insurance Program. The amount of subsidy for purpose of this item (4) is calculated in the same manner as unreimbursed costs are calculated for Medicaid and other means-tested government programs in the Schedule H of IRS Form 990 in effect on the effective date of this amendatory Act of the 97th General Assembly.

(5) Dual-eligible subsidy. The amount of subsidy provided to government by treating dual-eligible Medicare/Medicaid patients. The amount of subsidy for purposes of this item (5) is calculated by multiplying the relevant hospital entity's unreimbursed costs for Medicare, calculated in the same manner as determined in the Schedule H of IRS Form 990 in effect on the effective date of this amendatory Act of the 97th General Assembly, by the relevant hospital entity's ratio of dual-eligible patients to total Medicare patients.

(6) Relief of the burden of government related to health care. Except to the extent otherwise taken into account in this subsection, the portion of unreimbursed costs of the relevant hospital entity attributable to providing, paying for, or subsidizing goods, activities, or services that relieve the burden of government related to health care for low-income individuals. Such activities or services shall include, but are not limited to, providing emergency, trauma, burn, neonatal, psychiatric, rehabilitation, or other special services; providing medical education; and conducting medical research or training of health care professionals. The portion of those unreimbursed costs attributable to benefiting low-income individuals shall be determined using the ratio calculated by adding the relevant hospital entity's costs attributable to charity care, Medicaid, other means-tested government programs, disabled Medicare patients under age 65, and dual-eligible Medicare/Medicaid patients and dividing that total by the relevant hospital entity's total costs. Such costs for the numerator and denominator shall be determined by multiplying gross charges by the cost to charge ratio taken from the hospital's most recently filed Medicare cost report (CMS 2252-10 Worksheet, Part I). In the case of emergency services, the ratio shall be calculated using costs (gross charges multiplied by the cost to charge ratio taken from the hospital's most recently filed Medicare cost report (CMS 2252-10 Worksheet, Part I)) of patients treated in the relevant hospital entity's emergency department.

(7) Any other activity by the relevant hospital entity that the Department determines relieves the burden of government or addresses the health of low-income or underserved individuals.

(d) The hospital applicant shall include information in its exemption application establishing that it satisfies the requirements of subsection (b). For purposes of making the calculations required by subsection (b), the hospital applicant may for each year elect to use either (1) the value of the services or activities listed in subsection (e) for the hospital year or (2) the average value of those services or activities for the 3 fiscal years ending with the hospital year. If the relevant hospital entity has been in operation for less than 3 completed fiscal years, then the latter calculation, if elected, shall be performed on a pro rata basis.

(e) For purposes of making the calculations required by this Section:

(1) particular services or activities eligible for consideration under any of the paragraphs (1) through (7) of subsection (c) may not be counted under more than one of those paragraphs; and

(2) the amount of unreimbursed costs and the amount of subsidy shall not be reduced by restricted or unrestricted payments received by the relevant hospital entity as contributions deductible under Section 170(a) of the Internal Revenue Code.

(g) Estimation of Exempt Property Tax Liability. The estimated property tax liability used for the determination in subsection (b) shall be calculated as follows:

(1) "Estimated property tax liability" means the estimated dollar amount of property tax that would be owed, with respect to the exempt portion of each of the relevant hospital entity's properties that are already fully or partially exempt, or for which an exemption in whole or in part is currently being sought, and then aggregated as applicable, as if the exempt portion of those properties were subject to tax, calculated with respect to each such property by multiplying:

(A) the lesser of (i) the actual assessed value, if any, of the portion of the property for which an exemption is sought or (ii) an estimated assessed value of the exempt portion of such property as determined in item (2) of this subsection (g), by

(B) the applicable State equalization rate (yielding the equalized assessed value), by

(C) the applicable tax rate.

(2) The estimated assessed value of the exempt portion of the property equals the sum of (i) the estimated fair market value of buildings on the property, as determined in accordance with subparagraphs (A) and (B) of this item (2), multiplied by the applicable assessment factor, and (ii) the estimated assessed value of the land portion of the property, as determined in accordance with subparagraph (C).

(A) The "estimated fair market value of buildings on the property" means the replacement value of any exempt portion of buildings on the property, minus depreciation, determined utilizing the cost replacement method whereby the exempt square footage of all such buildings is multiplied by the replacement cost per square foot for Class A Average building found in the most recent edition of the Marshall & Swift Valuation Services Manual, adjusted by any appropriate current cost and local multipliers.

(B) Depreciation, for purposes of calculating the estimated fair market value of buildings on the property, is applied by utilizing a weighted mean life for the buildings based on original construction and assuming a 40-year life for hospital buildings and the applicable life for other types of buildings as specified in the American Hospital Association publication "Estimated Useful Lives of Depreciable Hospital Assets". In the case of hospital buildings, the remaining life is divided by 40 and this ratio is multiplied by the replacement cost of the buildings to obtain an estimated fair market value of buildings. If a hospital building is older than 35 years, a remaining life of 5 years for residual value is assumed; and if a building is less than 8 years old, a remaining life of 32 years is assumed.

(C) The estimated assessed value of the land portion of the property shall be determined by multiplying (i) the per square foot average of the assessed values of three parcels of land (not including farm land, and excluding the assessed value of the improvements thereon) reasonably comparable to the property, by (ii) the number of square feet comprising the exempt portion of the property's land square footage.

(3) The assessment factor, State equalization rate, and tax rate (including any special factors such as Enterprise Zones) used in calculating the estimated property tax liability shall be for the most recent year that is publicly available from the applicable chief county assessment officer or officers at least 90 days before the end of the hospital year.

(4) The method utilized to calculate estimated property tax liability for purposes of this Section 15-86 shall not be utilized for the actual valuation, assessment, or taxation of property pursuant to the Property Tax Code.

(h) For the purpose of this Section, the following terms shall have the meanings set forth below:

(1) "Hospital" means any institution, place, building, buildings on a campus, or other health care facility located in Illinois that is licensed under the Hospital Licensing Act and has a hospital owner.

(2) "Hospital owner" means a not-for-profit corporation that is the titleholder of a hospital, or the owner of the beneficial interest in an Illinois land trust that is the titleholder of a hospital.

(3) "Hospital affiliate" means any corporation, partnership, limited partnership, joint venture, limited liability company, association or other organization, other than a hospital owner, that directly or indirectly controls, is controlled by, or is under common control with one or more hospital owners and that supports, is supported by, or acts in furtherance of the exempt health care purposes of at least one of those hospital owners' hospitals.

(4) "Hospital system" means a hospital and one or more other hospitals or hospital affiliates related by common control or ownership.

(5) "Control" relating to a hospital owners, hospital affiliates, or hospital systems means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of the entity, whether through ownership of assets, membership interest, other voting or governance rights, by contract or otherwise.

(6) "Hospital applicant" means a hospital owner or hospital affiliate that files an application for an exemption or renewal of exemption under this Section.

(7) "Relevant hospital entity" means (A) the hospital owner, in the case of a hospital applicant that is a hospital owner, and (B) at the election of a hospital applicant that is a hospital affiliate, either (i) the hospital affiliate or (ii) the hospital system to which the hospital applicant belongs, including any hospitals or hospital affiliates that are related by common control or ownership.

(8) "Subject property" means property used for the calculation under subsection (b) of this Section.

(9) "Hospital year" means the fiscal year of the relevant hospital entity, or the fiscal year of one of the hospital owners in the hospital system if the relevant hospital entity is a hospital system with members with different fiscal years, that ends in the year for which the exemption is sought.

Section 5-15. The Service Use Tax Act is amended by adding Section 3-8 as follows:

(35 ILCS 110/3-8 new)

Sec. 3-8. Hospital exemption.

(a) Tangible personal property sold to or used by a hospital owner that owns one or more hospitals licensed under the Hospital Licensing Act or operated under the University of Illinois Hospital Act, or a hospital affiliate that is not already exempt under another provision of this Act and meets the criteria for an exemption under this Section, is exempt from taxation under this Act.

(b) A hospital owner or hospital affiliate satisfies the conditions for an exemption under this Section if the value of qualified services or activities listed in subsection (c) of this Section for the hospital year equals or exceeds the relevant hospital entity's estimated property tax liability, without regard to any property tax exemption granted under Section 15-86 of the Property Tax Code, for the calendar year in which exemption or renewal of exemption is sought. For purposes of making the calculations required by this subsection (b), if the relevant hospital entity is a hospital owner that owns more than one hospital, the value of the services or activities listed in subsection (c) shall be calculated on the basis of only those services and activities relating to the hospital that includes the subject property, and the relevant hospital entity's estimated property tax liability shall be calculated only with respect to the properties comprising that hospital. In the case of a multi-state hospital system or hospital affiliate, the value of the services or activities listed in subsection (c) shall be calculated on the basis of only those services and activities that occur in Illinois and the relevant hospital entity's estimated property tax liability shall be calculated only with respect to its property located in Illinois.

(c) The following services and activities shall be considered for purposes of making the calculations required by subsection (b):

(1) Charity care. Free or discounted services provided pursuant to the relevant hospital entity's financial assistance policy, measured at cost, including discounts provided under the Hospital Uninsured Patient Discount Act.

(2) Health services to low-income and underserved individuals. Other unreimbursed costs of the relevant hospital entity for providing without charge, paying for, or subsidizing goods, activities, or services for the purpose of addressing the health of low-income or underserved individuals. Those activities or services may include, but are not limited to: financial or in-kind support to affiliated or unaffiliated hospitals, hospital affiliates, community clinics, or programs that treat low-income or underserved individuals; paying for or subsidizing health care professionals who care for low-income or underserved individuals; providing or subsidizing outreach or educational services to low-income or underserved individuals for disease management and prevention; free or subsidized goods, supplies, or services needed by low-income or underserved individuals because of their medical condition; and prenatal or childbirth outreach to low-income or underserved persons.

(3) Subsidy of State or local governments. Direct or indirect financial or in-kind subsidies of State or local governments by the relevant hospital entity that pay for or subsidize activities or programs related to health care for low-income or underserved individuals.

(4) Support for State health care programs for low-income individuals. At the election of the hospital applicant for each applicable year, either (A) 10% of payments to the relevant hospital entity and any hospital affiliate designated by the relevant hospital entity (provided that such hospital affiliate's operations provide financial or operational support for or receive financial or operational support from

the relevant hospital entity) under Medicaid or other means-tested programs, including, but not limited, to General Assistance, the Covering ALL KIDS Health Insurance Act, and the State Children's Health Insurance Program or (B) the amount of subsidy provided by the relevant hospital entity and any hospital affiliate designated by the relevant hospital entity (provided that such hospital affiliate's operations provide financial or operational support for or receive financial or operational support from the relevant hospital entity) to State or local government in treating Medicaid recipients and recipients of means-tested programs, including but not limited to General Assistance, the Covering ALL KIDS Health Insurance Act, and the State Children's Health Insurance Program. The amount of subsidy for purpose of this item (4) is calculated in the same manner as unreimbursed costs are calculated for Medicaid and other means-tested government programs in the Schedule H of IRS Form 990 in effect on the effective date of this amendatory Act of the 97th General Assembly.

(5) Dual-eligible subsidy. The amount of subsidy provided to government by treating dual-eligible Medicare/Medicaid patients. The amount of subsidy for purposes of this item (5) is calculated by multiplying the relevant hospital entity's unreimbursed costs for Medicare, calculated in the same manner as determined in the Schedule H of IRS Form 990 in effect on the effective date of this amendatory Act of the 97th General Assembly, by the relevant hospital entity's ratio of dual-eligible patients to total Medicare patients.

(6) Relief of the burden of government related to health care. Except to the extent otherwise taken into account in this subsection, the portion of unreimbursed costs of the relevant hospital entity attributable to providing, paying for, or subsidizing goods, activities, or services that relieve the burden of government related to health care for low-income individuals. Such activities or services shall include, but are not limited to, providing emergency, trauma, burn, neonatal, psychiatric, rehabilitation, or other special services; providing medical education; and conducting medical research or training of health care professionals. The portion of those unreimbursed costs attributable to benefiting low-income individuals shall be determined using the ratio calculated by adding the relevant hospital entity's costs attributable to charity care, Medicaid, other means-tested government programs, disabled Medicare patients under age 65, and dual-eligible Medicare/Medicaid patients and dividing that total by the relevant hospital entity's total costs. Such costs for the numerator and denominator shall be determined by multiplying gross charges by the cost to charge ratio taken from the hospital's most recently filed Medicare cost report (CMS 2252-10 Worksheet, Part I). In the case of emergency services, the ratio shall be calculated using costs (gross charges multiplied by the cost to charge ratio taken from the hospital's most recently filed Medicare cost report (CMS 2252-10 Worksheet, Part I)) of patients treated in the relevant hospital entity's emergency department.

(7) Any other activity by the relevant hospital entity that the Department determines relieves the burden of government or addresses the health of low-income or underserved individuals.

(d) The hospital applicant shall include information in its exemption application establishing that it satisfies the requirements of subsection (b). For purposes of making the calculations required by subsection (b), the hospital applicant may for each year elect to use either (1) the value of the services or activities listed in subsection (e) for the hospital year or (2) the average value of those services or activities for the 3 fiscal years ending with the hospital year. If the relevant hospital entity has been in operation for less than 3 completed fiscal years, then the latter calculation, if elected, shall be performed on a pro rata basis.

(e) For purposes of making the calculations required by this Section:

(1) particular services or activities eligible for consideration under any of the paragraphs (1) through (7) of subsection (c) may not be counted under more than one of those paragraphs; and

(2) the amount of unreimbursed costs and the amount of subsidy shall not be reduced by restricted or unrestricted payments received by the relevant hospital entity as contributions deductible under Section 170(a) of the Internal Revenue Code.

(g) Estimation of Exempt Property Tax Liability. The estimated property tax liability used for the determination in subsection (b) shall be calculated as follows:

(1) "Estimated property tax liability" means the estimated dollar amount of property tax that would be owed, with respect to the exempt portion of each of the relevant hospital entity's properties that are already fully or partially exempt, or for which an exemption in whole or in part is currently being sought, and then aggregated as applicable, as if the exempt portion of those properties were subject to tax, calculated with respect to each such property by multiplying:

(A) the lesser of (i) the actual assessed value, if any, of the portion of the property for which an exemption is sought or (ii) an estimated assessed value of the exempt portion of such property as determined in item (2) of this subsection (g), by

(B) the applicable State equalization rate (yielding the equalized assessed value), by

(C) the applicable tax rate.

(2) The estimated assessed value of the exempt portion of the property equals the sum of (i) the estimated fair market value of buildings on the property, as determined in accordance with subparagraphs (A) and (B) of this item (2), multiplied by the applicable assessment factor, and (ii) the estimated assessed value of the land portion of the property, as determined in accordance with subparagraph (C).

(A) The "estimated fair market value of buildings on the property" means the replacement value of any exempt portion of buildings on the property, minus depreciation, determined utilizing the cost replacement method whereby the exempt square footage of all such buildings is multiplied by the replacement cost per square foot for Class A Average building found in the most recent edition of the Marshall & Swift Valuation Services Manual, adjusted by any appropriate current cost and local multipliers.

(B) Depreciation, for purposes of calculating the estimated fair market value of buildings on the property, is applied by utilizing a weighted mean life for the buildings based on original construction and assuming a 40-year life for hospital buildings and the applicable life for other types of buildings as specified in the American Hospital Association publication "Estimated Useful Lives of Depreciable Hospital Assets". In the case of hospital buildings, the remaining life is divided by 40 and this ratio is multiplied by the replacement cost of the buildings to obtain an estimated fair market value of buildings. If a hospital building is older than 35 years, a remaining life of 5 years for residual value is assumed; and if a building is less than 8 years old, a remaining life of 32 years is assumed.

(C) The estimated assessed value of the land portion of the property shall be determined by multiplying (i) the per square foot average of the assessed values of three parcels of land (not including farm land, and excluding the assessed value of the improvements thereon) reasonably comparable to the property, by (ii) the number of square feet comprising the exempt portion of the property's land square footage.

(3) The assessment factor, State equalization rate, and tax rate (including any special factors such as Enterprise Zones) used in calculating the estimated property tax liability shall be for the most recent year that is publicly available from the applicable chief county assessment officer or officers at least 90 days before the end of the hospital year.

(4) The method utilized to calculate estimated property tax liability for purposes of this Section 15-86 shall not be utilized for the actual valuation, assessment, or taxation of property pursuant to the Property Tax Code.

(h) For the purpose of this Section, the following terms shall have the meanings set forth below:

(1) "Hospital" means any institution, place, building, buildings on a campus, or other health care facility located in Illinois that is licensed under the Hospital Licensing Act and has a hospital owner.

(2) "Hospital owner" means a not-for-profit corporation that is the titleholder of a hospital, or the owner of the beneficial interest in an Illinois land trust that is the titleholder of a hospital.

(3) "Hospital affiliate" means any corporation, partnership, limited partnership, joint venture, limited liability company, association or other organization, other than a hospital owner, that directly or indirectly controls, is controlled by, or is under common control with one or more hospital owners and that supports, is supported by, or acts in furtherance of the exempt health care purposes of at least one of those hospital owners' hospitals.

(4) "Hospital system" means a hospital and one or more other hospitals or hospital affiliates related by common control or ownership.

(5) "Control" relating to a hospital owners, hospital affiliates, or hospital systems means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of the entity, whether through ownership of assets, membership interest, other voting or governance rights, by contract or otherwise.

(6) "Hospital applicant" means a hospital owner or hospital affiliate that files an application for an exemption or renewal of exemption under this Section.

(7) "Relevant hospital entity" means (A) the hospital owner, in the case of a hospital applicant that is a hospital owner, and (B) at the election of a hospital applicant that is a hospital affiliate, either (i) the hospital affiliate or (ii) the hospital system to which the hospital applicant belongs, including any hospitals or hospital affiliates that are related by common control or ownership.

(8) "Subject property" means property used for the calculation under subsection (b) of this Section.

(9) "Hospital year" means the fiscal year of the relevant hospital entity, or the fiscal year of one of the hospital owners in the hospital system if the relevant hospital entity is a hospital system with members with different fiscal years, that ends in the year for which the exemption is sought.

Section 5-20. The Service Occupation Tax Act is amended by adding Section 3-8 as follows:
(35 ILCS 115/3-8 new)

Sec. 3-8. Hospital exemption.

(a) Tangible personal property sold to or used by a hospital owner that owns one or more hospitals licensed under the Hospital Licensing Act or operated under the University of Illinois Hospital Act, or a hospital affiliate that is not already exempt under another provision of this Act and meets the criteria for an exemption under this Section, is exempt from taxation under this Act.

(b) A hospital owner or hospital affiliate satisfies the conditions for an exemption under this Section if the value of qualified services or activities listed in subsection (c) of this Section for the hospital year equals or exceeds the relevant hospital entity's estimated property tax liability, without regard to any property tax exemption granted under Section 15-86 of the Property Tax Code, for the calendar year in which exemption or renewal of exemption is sought. For purposes of making the calculations required by this subsection (b), if the relevant hospital entity is a hospital owner that owns more than one hospital, the value of the services or activities listed in subsection (c) shall be calculated on the basis of only those services and activities relating to the hospital that includes the subject property, and the relevant hospital entity's estimated property tax liability shall be calculated only with respect to the properties comprising that hospital. In the case of a multi-state hospital system or hospital affiliate, the value of the services or activities listed in subsection (c) shall be calculated on the basis of only those services and activities that occur in Illinois and the relevant hospital entity's estimated property tax liability shall be calculated only with respect to its property located in Illinois.

(c) The following services and activities shall be considered for purposes of making the calculations required by subsection (b):

(1) Charity care. Free or discounted services provided pursuant to the relevant hospital entity's financial assistance policy, measured at cost, including discounts provided under the Hospital Uninsured Patient Discount Act.

(2) Health services to low-income and underserved individuals. Other unreimbursed costs of the relevant hospital entity for providing without charge, paying for, or subsidizing goods, activities, or services for the purpose of addressing the health of low-income or underserved individuals. Those activities or services may include, but are not limited to: financial or in-kind support to affiliated or unaffiliated hospitals, hospital affiliates, community clinics, or programs that treat low-income or underserved individuals; paying for or subsidizing health care professionals who care for low-income or underserved individuals; providing or subsidizing outreach or educational services to low-income or underserved individuals for disease management and prevention; free or subsidized goods, supplies, or services needed by low-income or underserved individuals because of their medical condition; and prenatal or childbirth outreach to low-income or underserved persons.

(3) Subsidy of State or local governments. Direct or indirect financial or in-kind subsidies of State or local governments by the relevant hospital entity that pay for or subsidize activities or programs related to health care for low-income or underserved individuals.

(4) Support for State health care programs for low-income individuals. At the election of the hospital applicant for each applicable year, either (A) 10% of payments to the relevant hospital entity and any hospital affiliate designated by the relevant hospital entity (provided that such hospital affiliate's operations provide financial or operational support for or receive financial or operational support from the relevant hospital entity) under Medicaid or other means-tested programs, including, but not limited, to General Assistance, the Covering ALL KIDS Health Insurance Act, and the State Children's Health Insurance Program or (B) the amount of subsidy provided by the relevant hospital entity and any hospital affiliate designated by the relevant hospital entity (provided that such hospital affiliate's operations provide financial or operational support for or receive financial or operational support from the relevant hospital entity) to State or local government in treating Medicaid recipients and recipients of means-tested programs, including but not limited to General Assistance, the Covering ALL KIDS Health Insurance Act, and the State Children's Health Insurance Program. The amount of subsidy for purpose of this item (4) is calculated in the same manner as unreimbursed costs are calculated for Medicaid and other means-tested government programs in the Schedule H of IRS Form 990 in effect on the effective date of this amendatory Act of the 97th General Assembly.

(5) Dual-eligible subsidy. The amount of subsidy provided to government by treating dual-eligible Medicare/Medicaid patients. The amount of subsidy for purposes of this item (5) is calculated by multiplying the relevant hospital entity's unreimbursed costs for Medicare, calculated in the same manner as determined in the Schedule H of IRS Form 990 in effect on the effective date of this amendatory Act of the 97th General Assembly, by the relevant hospital entity's ratio of dual-eligible patients to total Medicare patients.

(6) Relief of the burden of government related to health care. Except to the extent otherwise taken into account in this subsection, the portion of unreimbursed costs of the relevant hospital entity attributable to providing, paying for, or subsidizing goods, activities, or services that relieve the burden of government related to health care for low-income individuals. Such activities or services shall include, but are not limited to, providing emergency, trauma, burn, neonatal, psychiatric, rehabilitation, or other special services; providing medical education; and conducting medical research or training of health care professionals. The portion of those unreimbursed costs attributable to benefiting low-income individuals shall be determined using the ratio calculated by adding the relevant hospital entity's costs attributable to charity care, Medicaid, other means-tested government programs, disabled Medicare patients under age 65, and dual-eligible Medicare/Medicaid patients and dividing that total by the relevant hospital entity's total costs. Such costs for the numerator and denominator shall be determined by multiplying gross charges by the cost to charge ratio taken from the hospital's most recently filed Medicare cost report (CMS 2252-10 Worksheet, Part I). In the case of emergency services, the ratio shall be calculated using costs (gross charges multiplied by the cost to charge ratio taken from the hospital's most recently filed Medicare cost report (CMS 2252-10 Worksheet, Part I)) of patients treated in the relevant hospital entity's emergency department.

(7) Any other activity by the relevant hospital entity that the Department determines relieves the burden of government or addresses the health of low-income or underserved individuals.

(d) The hospital applicant shall include information in its exemption application establishing that it satisfies the requirements of subsection (b). For purposes of making the calculations required by subsection (b), the hospital applicant may for each year elect to use either (1) the value of the services or activities listed in subsection (e) for the hospital year or (2) the average value of those services or activities for the 3 fiscal years ending with the hospital year. If the relevant hospital entity has been in operation for less than 3 completed fiscal years, then the latter calculation, if elected, shall be performed on a pro rata basis.

(e) For purposes of making the calculations required by this Section:

(1) particular services or activities eligible for consideration under any of the paragraphs (1) through (7) of subsection (c) may not be counted under more than one of those paragraphs; and

(2) the amount of unreimbursed costs and the amount of subsidy shall not be reduced by restricted or unrestricted payments received by the relevant hospital entity as contributions deductible under Section 170(a) of the Internal Revenue Code.

(g) Estimation of Exempt Property Tax Liability. The estimated property tax liability used for the determination in subsection (b) shall be calculated as follows:

(1) "Estimated property tax liability" means the estimated dollar amount of property tax that would be owed, with respect to the exempt portion of each of the relevant hospital entity's properties that are already fully or partially exempt, or for which an exemption in whole or in part is currently being sought, and then aggregated as applicable, as if the exempt portion of those properties were subject to tax, calculated with respect to each such property by multiplying:

(A) the lesser of (i) the actual assessed value, if any, of the portion of the property for which an exemption is sought or (ii) an estimated assessed value of the exempt portion of such property as determined in item (2) of this subsection (g), by

(B) the applicable State equalization rate (yielding the equalized assessed value), by

(C) the applicable tax rate.

(2) The estimated assessed value of the exempt portion of the property equals the sum of (i) the estimated fair market value of buildings on the property, as determined in accordance with subparagraphs (A) and (B) of this item (2), multiplied by the applicable assessment factor, and (ii) the estimated assessed value of the land portion of the property, as determined in accordance with subparagraph (C).

(A) The "estimated fair market value of buildings on the property" means the replacement value of any exempt portion of buildings on the property, minus depreciation, determined utilizing the cost replacement method whereby the exempt square footage of all such buildings is multiplied by the replacement cost per square foot for Class A Average building found in the most recent edition of the Marshall & Swift Valuation Services Manual, adjusted by any appropriate current cost and local multipliers.

(B) Depreciation, for purposes of calculating the estimated fair market value of buildings on the property, is applied by utilizing a weighted mean life for the buildings based on original construction and assuming a 40-year life for hospital buildings and the applicable life for other types of buildings as specified in the American Hospital Association publication "Estimated Useful Lives of Depreciable Hospital Assets". In the case of hospital buildings, the remaining life is divided by 40 and this ratio is

multiplied by the replacement cost of the buildings to obtain an estimated fair market value of buildings. If a hospital building is older than 35 years, a remaining life of 5 years for residual value is assumed; and if a building is less than 8 years old, a remaining life of 32 years is assumed.

(C) The estimated assessed value of the land portion of the property shall be determined by multiplying (i) the per square foot average of the assessed values of three parcels of land (not including farm land, and excluding the assessed value of the improvements thereon) reasonably comparable to the property, by (ii) the number of square feet comprising the exempt portion of the property's land square footage.

(3) The assessment factor, State equalization rate, and tax rate (including any special factors such as Enterprise Zones) used in calculating the estimated property tax liability shall be for the most recent year that is publicly available from the applicable chief county assessment officer or officers at least 90 days before the end of the hospital year.

(4) The method utilized to calculate estimated property tax liability for purposes of this Section 15-86 shall not be utilized for the actual valuation, assessment, or taxation of property pursuant to the Property Tax Code.

(h) For the purpose of this Section, the following terms shall have the meanings set forth below:

(1) "Hospital" means any institution, place, building, buildings on a campus, or other health care facility located in Illinois that is licensed under the Hospital Licensing Act and has a hospital owner.

(2) "Hospital owner" means a not-for-profit corporation that is the titleholder of a hospital, or the owner of the beneficial interest in an Illinois land trust that is the titleholder of a hospital.

(3) "Hospital affiliate" means any corporation, partnership, limited partnership, joint venture, limited liability company, association or other organization, other than a hospital owner, that directly or indirectly controls, is controlled by, or is under common control with one or more hospital owners and that supports, is supported by, or acts in furtherance of the exempt health care purposes of at least one of those hospital owners' hospitals.

(4) "Hospital system" means a hospital and one or more other hospitals or hospital affiliates related by common control or ownership.

(5) "Control" relating to a hospital owners, hospital affiliates, or hospital systems means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of the entity, whether through ownership of assets, membership interest, other voting or governance rights, by contract or otherwise.

(6) "Hospital applicant" means a hospital owner or hospital affiliate that files an application for an exemption or renewal of exemption under this Section.

(7) "Relevant hospital entity" means (A) the hospital owner, in the case of a hospital applicant that is a hospital owner, and (B) at the election of a hospital applicant that is a hospital affiliate, either (i) the hospital affiliate or (ii) the hospital system to which the hospital applicant belongs, including any hospitals or hospital affiliates that are related by common control or ownership.

(8) "Subject property" means property used for the calculation under subsection (b) of this Section.

(9) "Hospital year" means the fiscal year of the relevant hospital entity, or the fiscal year of one of the hospital owners in the hospital system if the relevant hospital entity is a hospital system with members with different fiscal years, that ends in the year for which the exemption is sought.

Section 5-25. The Retailers' Occupation Tax Act is amended by adding Section 2-9 as follows:

(35 ILCS 120/2-9 new)

Sec. 2-9. Hospital exemption.

(a) Tangible personal property sold to or used by a hospital owner that owns one or more hospitals licensed under the Hospital Licensing Act or operated under the University of Illinois Hospital Act, or a hospital affiliate that is not already exempt under another provision of this Act and meets the criteria for an exemption under this Section, is exempt from taxation under this Act.

(b) A hospital owner or hospital affiliate satisfies the conditions for an exemption under this Section if the value of qualified services or activities listed in subsection (c) of this Section for the hospital year equals or exceeds the relevant hospital entity's estimated property tax liability, without regard to any property tax exemption granted under Section 15-86 of the Property Tax Code, for the calendar year in which exemption or renewal of exemption is sought. For purposes of making the calculations required by this subsection (b), if the relevant hospital entity is a hospital owner that owns more than one hospital, the value of the services or activities listed in subsection (c) shall be calculated on the basis of only those services and activities relating to the hospital that includes the subject property, and the relevant hospital entity's estimated property tax liability shall be calculated only with respect to the properties comprising that hospital. In the case of a multi-state hospital system or hospital affiliate, the value of the services or

activities listed in subsection (c) shall be calculated on the basis of only those services and activities that occur in Illinois and the relevant hospital entity's estimated property tax liability shall be calculated only with respect to its property located in Illinois.

(c) The following services and activities shall be considered for purposes of making the calculations required by subsection (b):

(1) Charity care. Free or discounted services provided pursuant to the relevant hospital entity's financial assistance policy, measured at cost, including discounts provided under the Hospital Uninsured Patient Discount Act.

(2) Health services to low-income and underserved individuals. Other unreimbursed costs of the relevant hospital entity for providing without charge, paying for, or subsidizing goods, activities, or services for the purpose of addressing the health of low-income or underserved individuals. Those activities or services may include, but are not limited to: financial or in-kind support to affiliated or unaffiliated hospitals, hospital affiliates, community clinics, or programs that treat low-income or underserved individuals; paying for or subsidizing health care professionals who care for low-income or underserved individuals; providing or subsidizing outreach or educational services to low-income or underserved individuals for disease management and prevention; free or subsidized goods, supplies, or services needed by low-income or underserved individuals because of their medical condition; and prenatal or childbirth outreach to low-income or underserved persons.

(3) Subsidy of State or local governments. Direct or indirect financial or in-kind subsidies of State or local governments by the relevant hospital entity that pay for or subsidize activities or programs related to health care for low-income or underserved individuals.

(4) Support for State health care programs for low-income individuals. At the election of the hospital applicant for each applicable year, either (A) 10% of payments to the relevant hospital entity and any hospital affiliate designated by the relevant hospital entity (provided that such hospital affiliate's operations provide financial or operational support for or receive financial or operational support from the relevant hospital entity) under Medicaid or other means-tested programs, including, but not limited, to General Assistance, the Covering ALL KIDS Health Insurance Act, and the State Children's Health Insurance Program or (B) the amount of subsidy provided by the relevant hospital entity and any hospital affiliate designated by the relevant hospital entity (provided that such hospital affiliate's operations provide financial or operational support for or receive financial or operational support from the relevant hospital entity) to State or local government in treating Medicaid recipients and recipients of means-tested programs, including but not limited to General Assistance, the Covering ALL KIDS Health Insurance Act, and the State Children's Health Insurance Program. The amount of subsidy for purpose of this item (4) is calculated in the same manner as unreimbursed costs are calculated for Medicaid and other means-tested government programs in the Schedule H of IRS Form 990 in effect on the effective date of this amendatory Act of the 97th General Assembly.

(5) Dual-eligible subsidy. The amount of subsidy provided to government by treating dual-eligible Medicare/Medicaid patients. The amount of subsidy for purposes of this item (5) is calculated by multiplying the relevant hospital entity's unreimbursed costs for Medicare, calculated in the same manner as determined in the Schedule H of IRS Form 990 in effect on the effective date of this amendatory Act of the 97th General Assembly, by the relevant hospital entity's ratio of dual-eligible patients to total Medicare patients.

(6) Relief of the burden of government related to health care. Except to the extent otherwise taken into account in this subsection, the portion of unreimbursed costs of the relevant hospital entity attributable to providing, paying for, or subsidizing goods, activities, or services that relieve the burden of government related to health care for low-income individuals. Such activities or services shall include, but are not limited to, providing emergency, trauma, burn, neonatal, psychiatric, rehabilitation, or other special services; providing medical education; and conducting medical research or training of health care professionals. The portion of those unreimbursed costs attributable to benefiting low-income individuals shall be determined using the ratio calculated by adding the relevant hospital entity's costs attributable to charity care, Medicaid, other means-tested government programs, disabled Medicare patients under age 65, and dual-eligible Medicare/Medicaid patients and dividing that total by the relevant hospital entity's total costs. Such costs for the numerator and denominator shall be determined by multiplying gross charges by the cost to charge ratio taken from the hospital's most recently filed Medicare cost report (CMS 2252-10 Worksheet, Part I). In the case of emergency services, the ratio shall be calculated using costs (gross charges multiplied by the cost to charge ratio taken from the hospital's most recently filed Medicare cost report (CMS 2252-10 Worksheet, Part I)) of patients treated in the relevant hospital entity's emergency department.

(7) Any other activity by the relevant hospital entity that the Department determines relieves the

burden of government or addresses the health of low-income or underserved individuals.

(d) The hospital applicant shall include information in its exemption application establishing that it satisfies the requirements of subsection (b). For purposes of making the calculations required by subsection (b), the hospital applicant may for each year elect to use either (1) the value of the services or activities listed in subsection (e) for the hospital year or (2) the average value of those services or activities for the 3 fiscal years ending with the hospital year. If the relevant hospital entity has been in operation for less than 3 completed fiscal years, then the latter calculation, if elected, shall be performed on a pro rata basis.

(e) For purposes of making the calculations required by this Section:

(1) particular services or activities eligible for consideration under any of the paragraphs (1) through (7) of subsection (c) may not be counted under more than one of those paragraphs; and

(2) the amount of unreimbursed costs and the amount of subsidy shall not be reduced by restricted or unrestricted payments received by the relevant hospital entity as contributions deductible under Section 170(a) of the Internal Revenue Code.

(g) Estimation of Exempt Property Tax Liability. The estimated property tax liability used for the determination in subsection (b) shall be calculated as follows:

(1) "Estimated property tax liability" means the estimated dollar amount of property tax that would be owed, with respect to the exempt portion of each of the relevant hospital entity's properties that are already fully or partially exempt, or for which an exemption in whole or in part is currently being sought, and then aggregated as applicable, as if the exempt portion of those properties were subject to tax, calculated with respect to each such property by multiplying:

(A) the lesser of (i) the actual assessed value, if any, of the portion of the property for which an exemption is sought or (ii) an estimated assessed value of the exempt portion of such property as determined in item (2) of this subsection (g), by

(B) the applicable State equalization rate (yielding the equalized assessed value), by

(C) the applicable tax rate.

(2) The estimated assessed value of the exempt portion of the property equals the sum of (i) the estimated fair market value of buildings on the property, as determined in accordance with subparagraphs (A) and (B) of this item (2), multiplied by the applicable assessment factor, and (ii) the estimated assessed value of the land portion of the property, as determined in accordance with subparagraph (C).

(A) The "estimated fair market value of buildings on the property" means the replacement value of any exempt portion of buildings on the property, minus depreciation, determined utilizing the cost replacement method whereby the exempt square footage of all such buildings is multiplied by the replacement cost per square foot for Class A Average building found in the most recent edition of the Marshall & Swift Valuation Services Manual, adjusted by any appropriate current cost and local multipliers.

(B) Depreciation, for purposes of calculating the estimated fair market value of buildings on the property, is applied by utilizing a weighted mean life for the buildings based on original construction and assuming a 40-year life for hospital buildings and the applicable life for other types of buildings as specified in the American Hospital Association publication "Estimated Useful Lives of Depreciable Hospital Assets". In the case of hospital buildings, the remaining life is divided by 40 and this ratio is multiplied by the replacement cost of the buildings to obtain an estimated fair market value of buildings. If a hospital building is older than 35 years, a remaining life of 5 years for residual value is assumed; and if a building is less than 8 years old, a remaining life of 32 years is assumed.

(C) The estimated assessed value of the land portion of the property shall be determined by multiplying (i) the per square foot average of the assessed values of three parcels of land (not including farm land, and excluding the assessed value of the improvements thereon) reasonably comparable to the property, by (ii) the number of square feet comprising the exempt portion of the property's land square footage.

(3) The assessment factor, State equalization rate, and tax rate (including any special factors such as Enterprise Zones) used in calculating the estimated property tax liability shall be for the most recent year that is publicly available from the applicable chief county assessment officer or officers at least 90 days before the end of the hospital year.

(4) The method utilized to calculate estimated property tax liability for purposes of this Section 15-86 shall not be utilized for the actual valuation, assessment, or taxation of property pursuant to the Property Tax Code.

(h) For the purpose of this Section, the following terms shall have the meanings set forth below:

(1) "Hospital" means any institution, place, building, buildings on a campus, or other health care

facility located in Illinois that is licensed under the Hospital Licensing Act and has a hospital owner.

(2) "Hospital owner" means a not-for-profit corporation that is the titleholder of a hospital, or the owner of the beneficial interest in an Illinois land trust that is the titleholder of a hospital.

(3) "Hospital affiliate" means any corporation, partnership, limited partnership, joint venture, limited liability company, association or other organization, other than a hospital owner, that directly or indirectly controls, is controlled by, or is under common control with one or more hospital owners and that supports, is supported by, or acts in furtherance of the exempt health care purposes of at least one of those hospital owners' hospitals.

(4) "Hospital system" means a hospital and one or more other hospitals or hospital affiliates related by common control or ownership.

(5) "Control" relating to a hospital owners, hospital affiliates, or hospital systems means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of the entity, whether through ownership of assets, membership interest, other voting or governance rights, by contract or otherwise.

(6) "Hospital applicant" means a hospital owner or hospital affiliate that files an application for an exemption or renewal of exemption under this Section.

(7) "Relevant hospital entity" means (A) the hospital owner, in the case of a hospital applicant that is a hospital owner, and (B) at the election of a hospital applicant that is a hospital affiliate, either (i) the hospital affiliate or (ii) the hospital system to which the hospital applicant belongs, including any hospitals or hospital affiliates that are related by common control or ownership.

(8) "Subject property" means property used for the calculation under subsection (b) of this Section.

(9) "Hospital year" means the fiscal year of the relevant hospital entity, or the fiscal year of one of the hospital owners in the hospital system if the relevant hospital entity is a hospital system with members with different fiscal years, that ends in the year for which the exemption is sought.

Section 5-30. The Cigarette Tax Act is amended by changing Sections 1 and 2 as follows:
(35 ILCS 130/1) (from Ch. 120, par. 453.1)

Sec. 1. For the purposes of this Act:

"Brand Style" means a variety of cigarettes distinguished by the tobacco used, tar and nicotine content, flavoring used, size of the cigarette, filtration on the cigarette or packaging.

Until July 1, 2012, "cigarette" "Cigarette", means any roll for smoking made wholly or in part of tobacco irrespective of size or shape and whether or not such tobacco is flavored, adulterated or mixed with any other ingredient, and the wrapper or cover of which is made of paper or any other substance or material except tobacco.

"Cigarette", beginning on and after July 1, 2012, means any roll for smoking made wholly or in part of tobacco irrespective of size or shape and whether or not such tobacco is flavored, adulterated, or mixed with any other ingredient, and the wrapper or cover of which is made of paper.

"Cigarette" beginning on and after July 1, 2012, also shall mean: Any roll for smoking made wholly or in part of tobacco labeled as anything other than a cigarette or not bearing a label, if it meets two or more of the following criteria:

(a) the product is sold in packs similar to cigarettes;

(b) the product is available for sale in cartons of ten packs;

(c) the product is sold in soft packs, hard packs, flip-top boxes, clam shells, or other cigarette-type boxes;

(d) the product is of a length and diameter similar to commercially-manufactured cigarettes;

(e) the product has a cellulose acetate or other integrated filter;

(f) the product is marketed or advertised to consumers as a cigarette or cigarette substitute; or

(g) other evidence that the product fits within the definition of cigarette.

"Contraband cigarettes" means:

(a) cigarettes that do not bear a required tax stamp under this Act;

(b) cigarettes for which any required federal taxes have not been paid;

(c) cigarettes that bear a counterfeit tax stamp;

(d) cigarettes that are manufactured, fabricated, assembled, processed, packaged, or labeled by any person other than (i) the owner of the trademark rights in the cigarette brand or (ii) a person that is directly or indirectly authorized by such owner;

(e) cigarettes imported into the United States, or otherwise distributed, in violation of the federal Imported Cigarette Compliance Act of 2000 (Title IV of Public Law 106-476);

(f) cigarettes that have false manufacturing labels;

(g) cigarettes identified in Section 3-10(a)(1) of this Act; ~~or~~

(h) cigarettes that are improperly tax stamped, including cigarettes that bear a tax stamp of another state or taxing jurisdiction; or -

(i) cigarettes made or fabricated by a person holding a cigarette machine operator license under Section 1-20 of the Cigarette Machine Operators' Occupation Tax Act in the possession of manufacturers, distributors, secondary distributors, manufacturer representatives or other retailers for the purpose of resale, regardless of whether the tax has been paid on such cigarettes.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, however formed, limited liability company, or a receiver, executor, administrator, trustee, guardian or other representative appointed by order of any court.

"Prior Continuous Compliance Taxpayer" means any person who is licensed under this Act and who, having been a licensee for a continuous period of 5 years, is determined by the Department not to have been either delinquent or deficient in the payment of tax liability during that period or otherwise in violation of this Act. Also, any taxpayer who has, as verified by the Department, continuously complied with the condition of his bond or other security under provisions of this Act for a period of 5 consecutive years shall be considered to be a "Prior continuous compliance taxpayer". In calculating the consecutive period of time described herein for qualification as a "prior continuous compliance taxpayer", a consecutive period of time of qualifying compliance immediately prior to the effective date of this amendatory Act of 1987 shall be credited to any licensee who became licensed on or before the effective date of this amendatory Act of 1987.

"Department" means the Department of Revenue.

"Sale" means any transfer, exchange or barter in any manner or by any means whatsoever for a consideration, and includes and means all sales made by any person.

"Original Package" means the individual packet, box or other container whatsoever used to contain and to convey cigarettes to the consumer.

"Distributor" means any and each of the following:

(1) Any person engaged in the business of selling cigarettes in this State who brings or causes to be brought into this State from without this State any original packages of cigarettes, on which original packages there is no authorized evidence underneath a sealed transparent wrapper showing that the tax liability imposed by this Act has been paid or assumed by the out-of-State seller of such cigarettes, for sale or other disposition in the course of such business.

(2) Any person who makes, manufactures or fabricates cigarettes in this State for sale in this State, except a person who makes, manufactures or fabricates cigarettes as a part of a correctional industries program for sale to residents incarcerated in penal institutions or resident patients of a State-operated mental health facility.

(3) Any person who makes, manufactures or fabricates cigarettes outside this State, which cigarettes are placed in original packages contained in sealed transparent wrappers, for delivery or shipment into this State, and who elects to qualify and is accepted by the Department as a distributor under Section 4b of this Act.

"Place of business" shall mean and include any place where cigarettes are sold or where cigarettes are manufactured, stored or kept for the purpose of sale or consumption, including any vessel, vehicle, airplane, train or vending machine.

"Manufacturer representative" means a director, officer, or employee of a manufacturer who has obtained authority from the Department under Section 4f to maintain representatives in Illinois that provide or sell original packages of cigarettes made, manufactured, or fabricated by the manufacturer to retailers in compliance with Section 4f of this Act to promote cigarettes made, manufactured, or fabricated by the manufacturer.

"Business" means any trade, occupation, activity or enterprise engaged in for the purpose of selling cigarettes in this State.

"Retailer" means any person who engages in the making of transfers of the ownership of, or title to, cigarettes to a purchaser for use or consumption and not for resale in any form, for a valuable consideration. "Retailer" does not include a person:

(1) who transfers to residents incarcerated in penal institutions or resident patients

of a State-operated mental health facility ownership of cigarettes made, manufactured, or fabricated as part of a correctional industries program; or

(2) who transfers cigarettes to a not-for-profit research institution that conducts

tests concerning the health effects of tobacco products and who does not offer the cigarettes for resale.

"Retailer" shall be construed to include any person who engages in the making of transfers of the ownership of, or title to, cigarettes to a purchaser, for use or consumption by any other person to whom such purchaser may transfer the cigarettes without a valuable consideration, except a person who

transfers to residents incarcerated in penal institutions or resident patients of a State-operated mental health facility ownership of cigarettes made, manufactured or fabricated as part of a correctional industries program.

"Secondary distributor" means any person engaged in the business of selling cigarettes who purchases stamped original packages of cigarettes from a licensed distributor under this Act or the Cigarette Use Tax Act, sells 75% or more of those cigarettes to retailers for resale, and maintains an established business where a substantial stock of cigarettes is available to retailers for resale.

"Stamp" or "stamps" mean the indicia required to be affixed on a pack of cigarettes that evidence payment of the tax on cigarettes under Section 2 of this Act.

"Related party" means any person that is associated with any other person because he or she:

- (a) is an officer or director of a business; or
- (b) is legally recognized as a partner in business.

(Source: P.A. 96-782, eff. 1-1-10; 96-1027, eff. 7-12-10; 97-587, eff. 8-26-11.)
(35 ILCS 130/2) (from Ch. 120, par. 453.2)

Sec. 2. Tax imposed; rate; collection, payment, and distribution; discount.

(a) A tax is imposed upon any person engaged in business as a retailer of cigarettes in this State at the rate of 5 1/2 mills per cigarette sold, or otherwise disposed of in the course of such business in this State. In addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes in this State at a rate of 1/2 mill per cigarette sold or otherwise disposed of in the course of such business in this State on and after January 1, 1947, and shall be paid into the Metropolitan Fair and Exposition Authority Reconstruction Fund or as otherwise provided in Section 29. On and after December 1, 1985, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes in this State at a rate of 4 mills per cigarette sold or otherwise disposed of in the course of such business in this State. Of the additional tax imposed by this amendatory Act of 1985, \$9,000,000 of the moneys received by the Department of Revenue pursuant to this Act shall be paid each month into the Common School Fund. On and after the effective date of this amendatory Act of 1989, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 5 mills per cigarette sold or otherwise disposed of in the course of such business in this State. On and after the effective date of this amendatory Act of 1993, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 7 mills per cigarette sold or otherwise disposed of in the course of such business in this State. On and after December 15, 1997, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 7 mills per cigarette sold or otherwise disposed of in the course of such business of this State. All of the moneys received by the Department of Revenue pursuant to this Act and the Cigarette Use Tax Act from the additional taxes imposed by this amendatory Act of 1997, shall be paid each month into the Common School Fund. On and after July 1, 2002, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 20.0 mills per cigarette sold or otherwise disposed of in the course of such business in this State. Beginning on June 24, 2012, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 50 mills per cigarette sold or otherwise disposed of in the course of such business in this State. All moneys received by the Department of Revenue under this Act and the Cigarette Use Tax Act from the additional taxes imposed by this amendatory Act of the 97th General Assembly shall be paid each month into the Healthcare Provider Relief Fund. The payment of such taxes shall be evidenced by a stamp affixed to each original package of cigarettes, or an authorized substitute for such stamp imprinted on each original package of such cigarettes underneath the sealed transparent outside wrapper of such original package, as hereinafter provided. However, such taxes are not imposed upon any activity in such business in interstate commerce or otherwise, which activity may not under the Constitution and statutes of the United States be made the subject of taxation by this State.

Beginning on the effective date of this amendatory Act of the 92nd General Assembly and through June 30, 2006, all of the moneys received by the Department of Revenue pursuant to this Act and the Cigarette Use Tax Act, other than the moneys that are dedicated to the Common School Fund, shall be distributed each month as follows: first, there shall be paid into the General Revenue Fund an amount which, when added to the amount paid into the Common School Fund for that month, equals \$33,300,000, except that in the month of August of 2004, this amount shall equal \$83,300,000; then, from the moneys remaining, if any amounts required to be paid into the General Revenue Fund in previous months remain unpaid, those amounts shall be paid into the General Revenue Fund; then, beginning on April 1, 2003, from the moneys remaining, \$5,000,000 per month shall be paid into the

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School Infrastructure Fund; then, if any amounts required to be paid into the School Infrastructure Fund in previous months remain unpaid, those amounts shall be paid into the School Infrastructure Fund; then the moneys remaining, if any, shall be paid into the Long-Term Care Provider Fund. To the extent that more than \$25,000,000 has been paid into the General Revenue Fund and Common School Fund per month for the period of July 1, 1993 through the effective date of this amendatory Act of 1994 from combined receipts of the Cigarette Tax Act and the Cigarette Use Tax Act, notwithstanding the distribution provided in this Section, the Department of Revenue is hereby directed to adjust the distribution provided in this Section to increase the next monthly payments to the Long Term Care Provider Fund by the amount paid to the General Revenue Fund and Common School Fund in excess of \$25,000,000 per month and to decrease the next monthly payments to the General Revenue Fund and Common School Fund by that same excess amount.

Beginning on July 1, 2006, all of the moneys received by the Department of Revenue pursuant to this Act and the Cigarette Use Tax Act, other than the moneys that are dedicated to the Common School Fund and, beginning on the effective date of this amendatory Act of the 97th General Assembly, other than the moneys from the additional taxes imposed by this amendatory Act of the 97th General Assembly that must be paid each month into the Healthcare Provider Relief Fund, shall be distributed each month as follows: first, there shall be paid into the General Revenue Fund an amount that, when added to the amount paid into the Common School Fund for that month, equals \$29,200,000; then, from the moneys remaining, if any amounts required to be paid into the General Revenue Fund in previous months remain unpaid, those amounts shall be paid into the General Revenue Fund; then from the moneys remaining, \$5,000,000 per month shall be paid into the School Infrastructure Fund; then, if any amounts required to be paid into the School Infrastructure Fund in previous months remain unpaid, those amounts shall be paid into the School Infrastructure Fund; then the moneys remaining, if any, shall be paid into the Long-Term Care Provider Fund.

When any tax imposed herein terminates or has terminated, distributors who have bought stamps while such tax was in effect and who therefore paid such tax, but who can show, to the Department's satisfaction, that they sold the cigarettes to which they affixed such stamps after such tax had terminated and did not recover the tax or its equivalent from purchasers, shall be allowed by the Department to take credit for such absorbed tax against subsequent tax stamp purchases from the Department by such distributor.

The impact of the tax levied by this Act is imposed upon the retailer and shall be prepaid or pre-collected by the distributor for the purpose of convenience and facility only, and the amount of the tax shall be added to the price of the cigarettes sold by such distributor. Collection of the tax shall be evidenced by a stamp or stamps affixed to each original package of cigarettes, as hereinafter provided.

Each distributor shall collect the tax from the retailer at or before the time of the sale, shall affix the stamps as hereinafter required, and shall remit the tax collected from retailers to the Department, as hereinafter provided. Any distributor who fails to properly collect and pay the tax imposed by this Act shall be liable for the tax. Any distributor having cigarettes to which stamps have been affixed in his possession for sale on the effective date of this amendatory Act of 1989 shall not be required to pay the additional tax imposed by this amendatory Act of 1989 on such stamped cigarettes. Any distributor having cigarettes to which stamps have been affixed in his or her possession for sale at 12:01 a.m. on the effective date of this amendatory Act of 1993, is required to pay the additional tax imposed by this amendatory Act of 1993 on such stamped cigarettes. This payment, less the discount provided in subsection (b), shall be due when the distributor first makes a purchase of cigarette tax stamps after the effective date of this amendatory Act of 1993, or on the first due date of a return under this Act after the effective date of this amendatory Act of 1993, whichever occurs first. Any distributor having cigarettes to which stamps have been affixed in his possession for sale on December 15, 1997 shall not be required to pay the additional tax imposed by this amendatory Act of 1997 on such stamped cigarettes.

Any distributor having cigarettes to which stamps have been affixed in his or her possession for sale on July 1, 2002 shall not be required to pay the additional tax imposed by this amendatory Act of the 92nd General Assembly on those stamped cigarettes.

Any retailer having cigarettes in his or her possession on June 24, 2012 to which tax stamps have been affixed is not required to pay the additional tax that begins on June 24, 2012 imposed by this amendatory Act of the 97th General Assembly on those stamped cigarettes. Any distributor having cigarettes in his or her possession on June 24, 2012 to which tax stamps have been affixed, and any distributor having stamps in his or her possession on June 24, 2012 that have not been affixed to packages of cigarettes before June 24, 2012, is required to pay the additional tax that begins on June 24, 2012 imposed by this amendatory Act of the 97th General Assembly to the extent the calendar year 2012 average monthly volume of cigarette stamps in the distributor's possession exceeds the average monthly volume of

cigarette stamps purchased by the distributor in calendar year 2011. This payment, less the discount provided in subsection (b), is due when the distributor first makes a purchase of cigarette stamps on or after June 24, 2012 or on the first due date of a return under this Act occurring on or after June 24, 2012, whichever occurs first. Those distributors may elect to pay the additional tax on packages of cigarettes to which stamps have been affixed and on any stamps in the distributor's possession that have not been affixed to packages of cigarettes over a period not to exceed 12 months from the due date of the additional tax by notifying the Department in writing. The first payment for distributors making such election is due when the distributor first makes a purchase of cigarette tax stamps on or after June 24, 2012 or on the first due date of a return under this Act occurring on or after June 24, 2012, whichever occurs first. Distributors making such an election are not entitled to take the discount provided in subsection (b) on such payments.

Distributors making sales of cigarettes to secondary distributors shall add the amount of the tax to the price of the cigarettes sold by the distributors. Secondary distributors making sales of cigarettes to retailers shall include the amount of the tax in the price of the cigarettes sold to retailers. The amount of tax shall not be less than the amount of taxes imposed by the State and all local jurisdictions. The amount of local taxes shall be calculated based on the location of the retailer's place of business shown on the retailer's certificate of registration or sub-registration issued to the retailer pursuant to Section 2a of the Retailers' Occupation Tax Act. The original packages of cigarettes sold to the retailer shall bear all the required stamps, or other indicia, for the taxes included in the price of cigarettes.

The amount of the Cigarette Tax imposed by this Act shall be separately stated, apart from the price of the goods, by distributors, manufacturer representatives, secondary distributors, and retailers, in all bills and sales invoices.

(b) The distributor shall be required to collect the taxes provided under paragraph (a) hereof, and, to cover the costs of such collection, shall be allowed a discount during any year commencing July 1st and ending the following June 30th in accordance with the schedule set out hereinbelow, which discount shall be allowed at the time of purchase of the stamps when purchase is required by this Act, or at the time when the tax is remitted to the Department without the purchase of stamps from the Department when that method of paying the tax is required or authorized by this Act. Prior to December 1, 1985, a discount equal to 1 2/3% of the amount of the tax up to and including the first \$700,000 paid hereunder by such distributor to the Department during any such year; 1 1/3% of the next \$700,000 of tax or any part thereof, paid hereunder by such distributor to the Department during any such year; 1% of the next \$700,000 of tax, or any part thereof, paid hereunder by such distributor to the Department during any such year, and 2/3 of 1% of the amount of any additional tax paid hereunder by such distributor to the Department during any such year shall apply. On and after December 1, 1985, a discount equal to 1.75% of the amount of the tax payable under this Act up to and including the first \$3,000,000 paid hereunder by such distributor to the Department during any such year and 1.5% of the amount of any additional tax paid hereunder by such distributor to the Department during any such year shall apply.

Two or more distributors that use a common means of affixing revenue tax stamps or that are owned or controlled by the same interests shall be treated as a single distributor for the purpose of computing the discount.

(c) The taxes herein imposed are in addition to all other occupation or privilege taxes imposed by the State of Illinois, or by any political subdivision thereof, or by any municipal corporation.

(Source: P.A. 96-1027, eff. 7-12-10; 97-587, eff. 8-26-11.)

Section 5-45. The Cigarette Use Tax Act is amended by changing Sections 1 and 2 as follows:

(35 ILCS 135/1) (from Ch. 120, par. 453.31)

Sec. 1. For the purpose of this Act, unless otherwise required by the context:

"Use" means the exercise by any person of any right or power over cigarettes incident to the ownership or possession thereof, other than the making of a sale thereof in the course of engaging in a business of selling cigarettes and shall include the keeping or retention of cigarettes for use, except that "use" does not include the use of cigarettes by a not-for-profit research institution conducting tests concerning the health effects of tobacco products, provided the cigarettes are not offered for resale.

"Brand Style" means a variety of cigarettes distinguished by the tobacco used, tar and nicotine content, flavoring used, size of the cigarette, filtration on the cigarette or packaging.

Until July 1, 2012, "cigarette" "Cigarette" means any roll for smoking made wholly or in part of tobacco irrespective of size or shape and whether or not such tobacco is flavored, adulterated or mixed with any other ingredient, and the wrapper or cover of which is made of paper or any other substance or material except tobacco.

"Cigarette", beginning on and after July 1, 2012, means any roll for smoking made wholly or in part of

tobacco irrespective of size or shape and whether or not such tobacco is flavored, adulterated or mixed with any other ingredient, and the wrapper or cover of which is made of paper.

"Cigarette" beginning on and after July 1, 2012, also shall mean: Any roll for smoking made wholly or in part of tobacco labeled as anything other than a cigarette or not bearing a label, if it meets two or more of the following criteria:

- (a) the product is sold in packs similar to cigarettes;
- (b) the product is available for sale in cartons of ten packs;
- (c) the product is sold in soft packs, hard packs, flip-top boxes, clam shells, or other cigarette-type boxes;
- (d) the product is of a length and diameter similar to commercially-manufactured cigarettes;
- (e) the product has a cellulose acetate or other integrated filter;
- (f) the product is marketed or advertised to consumers as a cigarette or cigarette substitute; or
- (g) other evidence that the product fits within the definition of cigarette.

"Contraband cigarettes" means:

- (a) cigarettes that do not bear a required tax stamp under this Act;
- (b) cigarettes for which any required federal taxes have not been paid;
- (c) cigarettes that bear a counterfeit tax stamp;
- (d) cigarettes that are manufactured, fabricated, assembled, processed, packaged, or labeled by any person other than (i) the owner of the trademark rights in the cigarette brand or (ii) a person that is directly or indirectly authorized by such owner;
- (e) cigarettes imported into the United States, or otherwise distributed, in violation of the federal Imported Cigarette Compliance Act of 2000 (Title IV of Public Law 106-476);
- (f) cigarettes that have false manufacturing labels;
- (g) cigarettes identified in Section 3-10(a)(1) of this Act; ~~or~~
- (h) cigarettes that are improperly tax stamped, including cigarettes that bear a tax stamp of another state or taxing jurisdiction; ~~or~~
- (i) cigarettes made or fabricated by a person holding a cigarette machine operator license under Section 1-20 of the Cigarette Machine Operators' Occupation Tax Act in the possession of manufacturers, distributors, secondary distributors, manufacturer representatives or other retailers for the purpose of resale, regardless of whether the tax has been paid on such cigarettes.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, however formed, limited liability company, or a receiver, executor, administrator, trustee, guardian or other representative appointed by order of any court.

"Department" means the Department of Revenue.

"Sale" means any transfer, exchange or barter in any manner or by any means whatsoever for a consideration, and includes and means all sales made by any person.

"Original Package" means the individual packet, box or other container whatsoever used to contain and to convey cigarettes to the consumer.

"Distributor" means any and each of the following:

a. Any person engaged in the business of selling cigarettes in this State who brings or causes to be brought into this State from without this State any original packages of cigarettes, on which original packages there is no authorized evidence underneath a sealed transparent wrapper showing that the tax liability imposed by this Act has been paid or assumed by the out-of-State seller of such cigarettes, for sale in the course of such business.

b. Any person who makes, manufactures or fabricates cigarettes in this State for sale, except a person who makes, manufactures or fabricates cigarettes for sale to residents incarcerated in penal institutions or resident patients or a State-operated mental health facility.

c. Any person who makes, manufactures or fabricates cigarettes outside this State, which cigarettes are placed in original packages contained in sealed transparent wrappers, for delivery or shipment into this State, and who elects to qualify and is accepted by the Department as a distributor under Section 7 of this Act.

"Distributor" does not include any person who transfers cigarettes to a not-for-profit research institution that conducts tests concerning the health effects of tobacco products and who does not offer the cigarettes for resale.

"Distributor maintaining a place of business in this State", or any like term, means any distributor having or maintaining within this State, directly or by a subsidiary, an office, distribution house, sales house, warehouse or other place of business, or any agent operating within this State under the authority of the distributor or its subsidiary, irrespective of whether such place of business or agent is located here permanently or temporarily, or whether such distributor or subsidiary is licensed to transact business

within this State.

"Business" means any trade, occupation, activity or enterprise engaged in or conducted in this State for the purpose of selling cigarettes.

"Prior Continuous Compliance Taxpayer" means any person who is licensed under this Act and who, having been a licensee for a continuous period of 5 years, is determined by the Department not to have been either delinquent or deficient in the payment of tax liability during that period or otherwise in violation of this Act. Also, any taxpayer who has, as verified by the Department, continuously complied with the condition of his bond or other security under provisions of this Act of a period of 5 consecutive years shall be considered to be a "prior continuous compliance taxpayer". In calculating the consecutive period of time described herein for qualification as a "prior continuous compliance taxpayer", a consecutive period of time of qualifying compliance immediately prior to the effective date of this amendatory Act of 1987 shall be credited to any licensee who became licensed on or before the effective date of this amendatory Act of 1987.

"Secondary distributor" means any person engaged in the business of selling cigarettes who purchases stamped original packages of cigarettes from a licensed distributor under this Act or the Cigarette Tax Act, sells 75% or more of those cigarettes to retailers for resale, and maintains an established business where a substantial stock of cigarettes is available to retailers for resale.

"Secondary distributor maintaining a place of business in this State", or any like term, means any secondary distributor having or maintaining within this State, directly or by a subsidiary, an office, distribution house, sales house, warehouse, or other place of business, or any agent operating within this State under the authority of the secondary distributor or its subsidiary, irrespective of whether such place of business or agent is located here permanently or temporarily, or whether such secondary distributor or subsidiary is licensed to transact business within this State.

"Stamp" or "stamps" mean the indicia required to be affixed on a pack of cigarettes that evidence payment of the tax on cigarettes under Section 2 of this Act.

"Related party" means any person that is associated with any other party because he or she:

- (a) is an officer or director of a business; or
- (b) is legally recognized as a partner in business.

(Source: P.A. 95-462, eff. 8-27-07; 95-1053, eff. 1-1-10; 96-782, eff. 1-1-10; 96-1027, eff. 7-12-10.)
(35 ILCS 135/2) (from Ch. 120, par. 453.32)

Sec. 2. A tax is imposed upon the privilege of using cigarettes in this State, at the rate of 6 mills per cigarette so used. On and after December 1, 1985, in addition to any other tax imposed by this Act, a tax is imposed upon the privilege of using cigarettes in this State at a rate of 4 mills per cigarette so used. On and after the effective date of this amendatory Act of 1989, in addition to any other tax imposed by this Act, a tax is imposed upon the privilege of using cigarettes in this State at the rate of 5 mills per cigarette so used. On and after the effective date of this amendatory Act of 1993, in addition to any other tax imposed by this Act, a tax is imposed upon the privilege of using cigarettes in this State at a rate of 7 mills per cigarette so used. On and after December 15, 1997, in addition to any other tax imposed by this Act, a tax is imposed upon the privilege of using cigarettes in this State at a rate of 7 mills per cigarette so used. On and after July 1, 2002, in addition to any other tax imposed by this Act, a tax is imposed upon the privilege of using cigarettes in this State at a rate of 20.0 mills per cigarette so used. Beginning on June 24, 2012, in addition to any other tax imposed by this Act, a tax is imposed upon the privilege of using cigarettes in this State at a rate of 50 mills per cigarette so used. The taxes herein imposed shall be in addition to all other occupation or privilege taxes imposed by the State of Illinois or by any political subdivision thereof or by any municipal corporation.

When any tax imposed herein terminates or has terminated, distributors who have bought stamps while such tax was in effect and who therefore paid such tax, but who can show, to the Department's satisfaction, that they sold the cigarettes to which they affixed such stamps after such tax had terminated and did not recover the tax or its equivalent from purchasers, shall be allowed by the Department to take credit for such absorbed tax against subsequent tax stamp purchases from the Department by such distributors.

When the word "tax" is used in this Act, it shall include any tax or tax rate imposed by this Act and shall mean the singular of "tax" or the plural "taxes" as the context may require.

Any distributor having cigarettes to which stamps have been affixed in his possession for sale on the effective date of this amendatory Act of 1989 shall not be required to pay the additional tax imposed by this amendatory Act of 1989 on such stamped cigarettes. Any distributor having cigarettes to which stamps have been affixed in his or her possession for sale at 12:01 a.m. on the effective date of this amendatory Act of 1993, is required to pay the additional tax imposed by this amendatory Act of 1993 on such stamped cigarettes. This payment shall be due when the distributor first makes a purchase of

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cigarette tax stamps after the effective date of this amendatory Act of 1993, or on the first due date of a return under this Act after the effective date of this amendatory Act of 1993, whichever occurs first. Once a distributor tenders payment of the additional tax to the Department, the distributor may purchase stamps from the Department. Any distributor having cigarettes to which stamps have been affixed in his possession for sale on December 15, 1997 shall not be required to pay the additional tax imposed by this amendatory Act of 1997 on such stamped cigarettes.

Any distributor having cigarettes to which stamps have been affixed in his or her possession for sale on July 1, 2002 shall not be required to pay the additional tax imposed by this amendatory Act of the 92nd General Assembly on those stamped cigarettes.

Any retailer having cigarettes in his or her possession on June 24, 2012 to which tax stamps have been affixed is not required to pay the additional tax that begins on June 24, 2012 imposed by this amendatory Act of the 97th General Assembly on those stamped cigarettes. Any distributor having cigarettes in his or her possession on June 24, 2012 to which tax stamps have been affixed, and any distributor having stamps in his or her possession on June 24, 2012 that have not been affixed to packages of cigarettes before June 24, 2012, is required to pay the additional tax that begins on June 24, 2012 imposed by this amendatory Act of the 97th General Assembly to the extent the calendar year 2012 average monthly volume of cigarette stamps in the distributor's possession exceeds the average monthly volume of cigarette stamps purchased by the distributor in calendar year 2011. This payment, less the discount provided in Section 3, is due when the distributor first makes a purchase of cigarette stamps on or after June 24, 2012 or on the first due date of a return under this Act occurring on or after June 24, 2012, whichever occurs first. Those distributors may elect to pay the additional tax on packages of cigarettes to which stamps have been affixed and on any stamps in the distributor's possession that have not been affixed to packages of cigarettes over a period not to exceed 12 months from the due date of the additional tax by notifying the Department in writing. The first payment for distributors making such election is due when the distributor first makes a purchase of cigarette tax stamps on or after June 24, 2012 or on the first due date of a return under this Act occurring on or after June 24, 2012, whichever occurs first. Distributors making such an election are not entitled to take the discount provided in Section 3 on such payments.

(Source: P.A. 92-536, eff. 6-6-02.)

Section 5-50. The Tobacco Products Tax Act of 1995 is amended by changing Sections 10-5, 10-10, and 10-30 as follows:

(35 ILCS 143/10-5)

Sec. 10-5. Definitions. For purposes of this Act:

"Business" means any trade, occupation, activity, or enterprise engaged in, at any location whatsoever, for the purpose of selling tobacco products.

"Cigarette" has the meaning ascribed to the term in Section 1 of the Cigarette Tax Act.

"Correctional Industries program" means a program run by a State penal institution in which residents of the penal institution produce tobacco products for sale to persons incarcerated in penal institutions or resident patients of a State operated mental health facility.

"Department" means the Illinois Department of Revenue.

"Distributor" means any of the following:

(1) Any manufacturer or wholesaler in this State engaged in the business of selling tobacco products who sells, exchanges, or distributes tobacco products to retailers or consumers in this State.

(2) Any manufacturer or wholesaler engaged in the business of selling tobacco products from without this State who sells, exchanges, distributes, ships, or transports tobacco products to retailers or consumers located in this State, so long as that manufacturer or wholesaler has or maintains within this State, directly or by subsidiary, an office, sales house, or other place of business, or any agent or other representative operating within this State under the authority of the person or subsidiary, irrespective of whether the place of business or agent or other representative is located here permanently or temporarily.

(3) Any retailer who receives tobacco products on which the tax has not been or will not be paid by another distributor.

"Distributor" does not include any person, wherever resident or located, who makes, manufactures, or fabricates tobacco products as part of a Correctional Industries program for sale to residents incarcerated in penal institutions or resident patients of a State operated mental health facility.

"Manufacturer" means any person, wherever resident or located, who manufactures and sells tobacco products, except a person who makes, manufactures, or fabricates tobacco products as a part of a

Correctional Industries program for sale to persons incarcerated in penal institutions or resident patients of a State operated mental health facility.

Beginning on January 1, 2013, "moist snuff" means any finely cut, ground, or powdered tobacco that is not intended to be smoked, but shall not include any finely cut, ground, or powdered tobacco that is intended to be placed in the nasal cavity.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint venture, limited liability company, or public or private corporation, however formed, or a receiver, executor, administrator, trustee, conservator, or other representative appointed by order of any court.

"Place of business" means and includes any place where tobacco products are sold or where tobacco products are manufactured, stored, or kept for the purpose of sale or consumption, including any vessel, vehicle, airplane, train, or vending machine.

"Retailer" means any person in this State engaged in the business of selling tobacco products to consumers in this State, regardless of quantity or number of sales.

"Sale" means any transfer, exchange, or barter in any manner or by any means whatsoever for a consideration and includes all sales made by persons.

"Tobacco products" means any cigars; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff (including moist snuff) or snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobaccos; shorts; refuse scraps, clippings, cuttings, and sweeping of tobacco; and other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise, or both for chewing and smoking; but does not include cigarettes or tobacco purchased for the manufacture of cigarettes by cigarette distributors and manufacturers defined in the Cigarette Tax Act and persons who make, manufacture, or fabricate cigarettes as a part of a Correctional Industries program for sale to residents incarcerated in penal institutions or resident patients of a State operated mental health facility.

"Wholesale price" means the established list price for which a manufacturer sells tobacco products to a distributor, before the allowance of any discount, trade allowance, rebate, or other reduction. In the absence of such an established list price, the manufacturer's invoice price at which the manufacturer sells the tobacco product to unaffiliated distributors, before any discounts, trade allowances, rebates, or other reductions, shall be presumed to be the wholesale price.

"Wholesaler" means any person, wherever resident or located, engaged in the business of selling tobacco products to others for the purpose of resale.

(Source: P.A. 92-231, eff. 8-2-01.)

(35 ILCS 143/10-10)

Sec. 10-10. Tax imposed. On the first day of the third month after the month in which this Act becomes law, a tax is imposed on any person engaged in business as a distributor of tobacco products, as defined in Section 10-5, at the rate of (i) 18% of the wholesale price of tobacco products sold or otherwise disposed of to retailers or consumers located in this State prior to July 1, 2012 and (ii) 36% of the wholesale price of tobacco products sold or otherwise disposed of to retailers or consumers located in this State beginning on July 1, 2012; except that, beginning on January 1, 2013, the tax on moist snuff shall be imposed at a rate of \$0.30 per ounce, and a proportionate tax at the like rate on all fractional parts of an ounce, sold or otherwise disposed of to retailers or consumers located in this State. The tax is in addition to all other occupation or privilege taxes imposed by the State of Illinois, by any political subdivision thereof, or by any municipal corporation. However, the tax is not imposed upon any activity in that business in interstate commerce or otherwise, to the extent to which that activity may not, under the Constitution and Statutes of the United States, be made the subject of taxation by this State. The tax is also not imposed on sales made to the United States or any entity thereof.

Beginning on January 1, 2013, the tax rate imposed per ounce of moist snuff may not exceed 15% of the tax imposed upon a package of 20 cigarettes pursuant to the Cigarette Tax Act.

All moneys received by the Department under this Act from sales occurring prior to July 1, 2012 shall be paid into the Long-Term Care Provider Fund of the State Treasury. Of the moneys received by the Department from sales occurring on or after July 1, 2012, 50% shall be paid into the Long-Term Care Provider Fund and 50% shall be paid into the Healthcare Provider Relief Fund.

(Source: P.A. 92-231, eff. 8-2-01.)

(35 ILCS 143/10-30)

Sec. 10-30. Returns. Every distributor shall, on or before the 15th day of each month, file a return with the Department covering the preceding calendar month. The return shall disclose the wholesale price for all tobacco products and the quantity of moist snuff sold or otherwise disposed of and other information that the Department may reasonably require. The return shall be filed upon a form prescribed and furnished by the Department.

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At the time when any return of any distributor is due to be filed with the Department, the distributor shall also remit to the Department the tax liability that the distributor has incurred for transactions occurring in the preceding calendar month.
(Source: P.A. 89-21, eff. 6-6-95.)

Section 5-55. The Property Tax Code is amended by changing Section 15-10 and by adding Section 15-86 as follows:

(35 ILCS 200/15-10)

Sec. 15-10. Exempt property; procedures for certification.

(a) All property granted an exemption by the Department pursuant to the requirements of Section 15-5 and described in the Sections following Section 15-30 and preceding Section 16-5, to the extent therein limited, is exempt from taxation. In order to maintain that exempt status, the titleholder or the owner of the beneficial interest of any property that is exempt must file with the chief county assessment officer, on or before January 31 of each year (May 31 in the case of property exempted by Section 15-170), an affidavit stating whether there has been any change in the ownership or use of the property, or the status of the owner-resident, the satisfaction by a relevant hospital entity of the condition for an exemption under Section 15-86, or that a disabled veteran who qualifies under Section 15-165 owned and used the property as of January 1 of that year. The nature of any change shall be stated in the affidavit. Failure to file an affidavit shall, in the discretion of the assessment officer, constitute cause to terminate the exemption of that property, notwithstanding any other provision of this Code. Owners of 5 or more such exempt parcels within a county may file a single annual affidavit in lieu of an affidavit for each parcel. The assessment officer, upon request, shall furnish an affidavit form to the owners, in which the owner may state whether there has been any change in the ownership or use of the property or status of the owner or resident as of January 1 of that year. The owner of 5 or more exempt parcels shall list all the properties giving the same information for each parcel as required of owners who file individual affidavits.

(b) However, titleholders or owners of the beneficial interest in any property exempted under any of the following provisions are not required to submit an annual filing under this Section:

- (1) Section 15-45 (burial grounds) in counties of less than 3,000,000 inhabitants and owned by a not-for-profit organization.
- (2) Section 15-40.
- (3) Section 15-50 (United States property).

(c) If there is a change in use or ownership, however, notice must be filed pursuant to Section 15-20.

(d) An application for homestead exemptions shall be filed as provided in Section 15-170 (senior citizens homestead exemption), Section 15-172 (senior citizens assessment freeze homestead exemption), and Sections 15-175 (general homestead exemption), 15-176 (general alternative homestead exemption), and 15-177 (long-time occupant homestead exemption), respectively.

(e) For purposes of determining satisfaction of the condition for an exemption under Section 15-86:

(1) The "year for which exemption is sought" is the year prior to the year in which the affidavit is due.

(2) The "hospital year" is the fiscal year of the relevant hospital entity, or the fiscal year of one of the hospitals in the hospital system if the relevant hospital entity is a hospital system with members with different fiscal years, that ends in the year prior to the year in which the affidavit is due. However, if that fiscal year ends 3 months or less before the date on which the affidavit is due, the relevant hospital entity shall file an interim affidavit based on the currently available information, and shall file a supplemental affidavit within 90 days of date on which the application was due, if the information in the relevant hospital entity's audited financial statements changes the interim affidavit's statement concerning the entity's compliance with the calculation required by Section 15-86.

(3) The affidavit shall be accompanied by an exhibit prepared by the relevant hospital entity showing (A) the value of the relevant hospital entity's services and activities, if any, under items (1) through (7) of subsection (e) of Section 15-86, stated separately for each item, and (B) the value relating to the relevant hospital entity's estimated property tax liability under paragraphs (A), (B), and (C) of item (1) of subsection (g) of Section 15-86; under paragraphs (A), (B), and (C) of item (2) of subsection (g) of Section 15-86; and under item (3) of subsection (g) of Section 15-86.

(Source: P.A. 95-644, eff. 10-12-07.)

(35 ILCS 200/15-86 new)

Sec. 15-86. Exemptions related to access to hospital and health care services by low-income and underserved individuals.

(a) The General Assembly finds:

(1) Despite the Supreme Court's decision in *Provena Covenant Medical Center v. Dept. of Revenue*, 236 Ill.2d 368, there is considerable uncertainty surrounding the test for charitable property tax exemption, especially regarding the application of a quantitative or monetary threshold. In *Provena*, the Department stated that the primary basis for its decision was the hospital's inadequate amount of charitable activity, but the Department has not articulated what constitutes an adequate amount of charitable activity. After *Provena*, the Department denied property tax exemption applications of 3 more hospitals, and, on the effective date of this amendatory Act of the 97th General Assembly, at least 20 other hospitals are awaiting rulings on applications for property tax exemption.

(2) In *Provena*, two Illinois Supreme Court justices opined that, "setting a monetary or quantum standard is a complex decision which should be left to our legislature, should it so choose". The Appellate Court in *Provena* stated: "The language we use in the State of Illinois to determine whether real property is used for a charitable purpose has its genesis in our 1870 Constitution. It is obvious that such language may be difficult to apply to the modern face of our nation's health care delivery systems". The court noted the many significant changes in the health care system since that time, but concluded that taking these changes into account is a matter of public policy, and "it is the legislature's job, not ours, to make public policy".

(3) It is essential to ensure that tax exemption law relating to hospitals accounts for the complexities of the modern health care delivery system. Health care is moving beyond the walls of the hospital. In addition to treating individual patients, hospitals are assuming responsibility for improving the health status of communities and populations. Low-income and underserved communities benefit disproportionately by these activities.

(4) The Supreme Court has explained that: "the fundamental ground upon which all exemptions in favor of charitable institutions are based is the benefit conferred upon the public by them, and a consequent relief, to some extent, of the burden upon the state to care for and advance the interests of its citizens". Hospitals relieve the burden of government in many ways, but most significantly through their participation in and substantial financial subsidization of the Illinois Medicaid program, which could not operate without the participation and partnership of Illinois hospitals.

(5) Working with the Illinois hospital community and other interested parties, the General Assembly has developed a comprehensive combination of related legislation that addresses hospital property tax exemption, significantly increases access to free health care for indigent persons, and strengthens the Medical Assistance program. It is the intent of the General Assembly to establish a new category of ownership for charitable property tax exemption to be applied to not-for-profit hospitals and hospital affiliates in lieu of the existing ownership category of "institutions of public charity". It is also the intent of the General Assembly to establish quantifiable standards for the issuance of charitable exemptions for such property. It is not the intent of the General Assembly to declare any property exempt ipso facto, but rather to establish criteria to be applied to the facts on a case-by-case basis.

(b) For the purpose of this Section and Section 15-10, the following terms shall have the meanings set forth below:

(1) "Hospital" means any institution, place, building, buildings on a campus, or other health care facility located in Illinois that is licensed under the Hospital Licensing Act and has a hospital owner.

(2) "Hospital owner" means a not-for-profit corporation that is the titleholder of a hospital, or the owner of the beneficial interest in an Illinois land trust that is the titleholder of a hospital.

(3) "Hospital affiliate" means any corporation, partnership, limited partnership, joint venture, limited liability company, association or other organization, other than a hospital owner, that directly or indirectly controls, is controlled by, or is under common control with one or more hospital owners and that supports, is supported by, or acts in furtherance of the exempt health care purposes of at least one of those hospital owners' hospitals.

(4) "Hospital system" means a hospital and one or more other hospitals or hospital affiliates related by common control or ownership.

(5) "Control" relating to a hospital owners, hospital affiliates, or hospital systems means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of the entity, whether through ownership of assets, membership interest, other voting or governance rights, by contract or otherwise.

(6) "Hospital applicant" means a hospital owner or hospital affiliate that files an application for a property tax exemption pursuant to Section 15-5 and this Section.

(7) "Relevant hospital entity" means (A) the hospital owner, in the case of a hospital applicant that is a hospital owner, and (B) at the election of a hospital applicant that is a hospital affiliate, either (i) the hospital affiliate or (ii) the hospital system to which the hospital applicant belongs, including any hospitals or hospital affiliates that are related by common control or ownership.

(8) "Subject property" means property for which a hospital applicant files an application for an exemption pursuant to Section 15-5 and this Section.

(9) "Hospital year" means the fiscal year of the relevant hospital entity, or the fiscal year of one of the hospital owners in the hospital system if the relevant hospital entity is a hospital system with members with different fiscal years, that ends in the year for which the exemption is sought.

(c) A hospital applicant satisfies the conditions for an exemption under this Section with respect to the subject property, and shall be issued a charitable exemption for that property, if the value of services or activities listed in subsection (e) for the hospital year equals or exceeds the relevant hospital entity's estimated property tax liability, as determined under subsection (g), for the year for which exemption is sought. For purposes of making the calculations required by this subsection (c), if the relevant hospital entity is a hospital owner that owns more than one hospital, the value of the services or activities listed in subsection (e) shall be calculated on the basis of only those services and activities relating to the hospital that includes the subject property, and the relevant hospital entity's estimated property tax liability shall be calculated only with respect to the properties comprising that hospital. In the case of a multi-state hospital system or hospital affiliate, the value of the services or activities listed in subsection (e) shall be calculated on the basis of only those services and activities that occur in Illinois and the relevant hospital entity's estimated property tax liability shall be calculated only with respect to its property located in Illinois.

Notwithstanding any other provisions of this Act, any parcel or portion thereof, that is owned by a for-profit entity whether part of the hospital system or not, or that is leased, licensed or operated by a for-profit entity regardless of whether healthcare services are provided on that parcel shall not qualify for exemption. If a parcel has both exempt and non-exempt uses, an exemption may be granted for the qualifying portion of that parcel. In the case of parking lots and common areas serving both exempt and non-exempt uses those parcels or portions thereof may qualify for an exemption in proportion to the amount of qualifying use.

(d) The hospital applicant shall include information in its exemption application establishing that it satisfies the requirements of subsection (c). For purposes of making the calculations required by subsection (c), the hospital applicant may for each year elect to use either (1) the value of the services or activities listed in subsection (e) for the hospital year or (2) the average value of those services or activities for the 3 fiscal years ending with the hospital year. If the relevant hospital entity has been in operation for less than 3 completed fiscal years, then the latter calculation, if elected, shall be performed on a pro rata basis.

(e) Services that address the health care needs of low-income or underserved individuals or relieve the burden of government with regard to health care services. The following services and activities shall be considered for purposes of making the calculations required by subsection (c):

(1) Charity care. Free or discounted services provided pursuant to the relevant hospital entity's financial assistance policy, measured at cost, including discounts provided under the Hospital Uninsured Patient Discount Act.

(2) Health services to low-income and underserved individuals. Other unreimbursed costs of the relevant hospital entity for providing without charge, paying for, or subsidizing goods, activities, or services for the purpose of addressing the health of low-income or underserved individuals. Those activities or services may include, but are not limited to: financial or in-kind support to affiliated or unaffiliated hospitals, hospital affiliates, community clinics, or programs that treat low-income or underserved individuals; paying for or subsidizing health care professionals who care for low-income or underserved individuals; providing or subsidizing outreach or educational services to low-income or underserved individuals for disease management and prevention; free or subsidized goods, supplies, or services needed by low-income or underserved individuals because of their medical condition; and prenatal or childbirth outreach to low-income or underserved persons.

(3) Subsidy of State or local governments. Direct or indirect financial or in-kind subsidies of State or local governments by the relevant hospital entity that pay for or subsidize activities or programs related to health care for low-income or underserved individuals.

(4) Support for State health care programs for low-income individuals. At the election of the hospital applicant for each applicable year, either (A) 10% of payments to the relevant hospital entity and any hospital affiliate designated by the relevant hospital entity (provided that such hospital affiliate's operations provide financial or operational support for or receive financial or operational support from the relevant hospital entity) under Medicaid or other means-tested programs, including, but not limited, to General Assistance, the Covering ALL KIDS Health Insurance Act, and the State Children's Health Insurance Program or (B) the amount of subsidy provided by the relevant hospital entity and any hospital affiliate designated by the relevant hospital entity (provided that such hospital affiliate's operations

provide financial or operational support for or receive financial or operational support from the relevant hospital entity) to State or local government in treating Medicaid recipients and recipients of means-tested programs, including but not limited to General Assistance, the Covering ALL KIDS Health Insurance Act, and the State Children's Health Insurance Program. The amount of subsidy for purpose of this item (4) is calculated in the same manner as unreimbursed costs are calculated for Medicaid and other means-tested government programs in the Schedule H of IRS Form 990 in effect on the effective date of this amendatory Act of the 97th General Assembly; provided, however, that in any event unreimbursed costs shall be net of fee-for-services payments, payments pursuant to an assessment, quarterly payments, and all other payments included on the schedule H of the IRS form 990.

(5) Dual-eligible subsidy. The amount of subsidy provided to government by treating dual-eligible Medicare/Medicaid patients. The amount of subsidy for purposes of this item (5) is calculated by multiplying the relevant hospital entity's unreimbursed costs for Medicare, calculated in the same manner as determined in the Schedule H of IRS Form 990 in effect on the effective date of this amendatory Act of the 97th General Assembly, by the relevant hospital entity's ratio of dual-eligible patients to total Medicare patients.

(6) Relief of the burden of government related to health care of low-income individuals. Except to the extent otherwise taken into account in this subsection, the portion of unreimbursed costs of the relevant hospital entity attributable to providing, paying for, or subsidizing goods, activities, or services that relieve the burden of government related to health care for low-income individuals. Such activities or services shall include, but are not limited to, providing emergency, trauma, burn, neonatal, psychiatric, rehabilitation, or other special services; providing medical education; and conducting medical research or training of health care professionals. The portion of those unreimbursed costs attributable to benefiting low-income individuals shall be determined using the ratio calculated by adding the relevant hospital entity's costs attributable to charity care, Medicaid, other means-tested government programs, disabled Medicare patients under age 65, and dual-eligible Medicare/Medicaid patients and dividing that total by the relevant hospital entity's total costs. Such costs for the numerator and denominator shall be determined by multiplying gross charges by the cost to charge ratio taken from the hospitals most recently filed Medicare cost report (CMS 2252-10 Worksheet C, Part I). In the case of emergency services, the ratio shall be calculated using costs (gross charges multiplied by the cost to charge ratio taken from the hospitals most recently filed Medicare cost report (CMS 2252-10 Worksheet C, Part I)) of patients treated in the relevant hospital entity's emergency department.

(7) Any other activity by the relevant hospital entity that the Department determines relieves the burden of government or addresses the health of low-income or underserved individuals.

(f) For purposes of making the calculations required by subsections (c) and (e):

(1) particular services or activities eligible for consideration under any of the paragraphs (1) through (7) of subsection (e) may not be counted under more than one of those paragraphs; and

(2) the amount of unreimbursed costs and the amount of subsidy shall not be reduced by restricted or unrestricted payments received by the relevant hospital entity as contributions deductible under Section 170(a) of the Internal Revenue Code.

(g) Estimation of Exempt Property Tax Liability. The estimated property tax liability used for the determination in subsection (c) shall be calculated as follows:

(1) "Estimated property tax liability" means the estimated dollar amount of property tax that would be owed, with respect to the exempt portion of each of the relevant hospital entity's properties that are already fully or partially exempt, or for which an exemption in whole or in part is currently being sought, and then aggregated as applicable, as if the exempt portion of those properties were subject to tax, calculated with respect to each such property by multiplying:

(A) the lesser of (i) the actual assessed value, if any, of the portion of the property for which an exemption is sought or (ii) an estimated assessed value of the exempt portion of such property as determined in item (2) of this subsection (g), by:

(B) the applicable State equalization rate (yielding the equalized assessed value), by

(C) the applicable tax rate.

(2) The estimated assessed value of the exempt portion of the property equals the sum of (i) the estimated fair market value of buildings on the property, as determined in accordance with subparagraphs (A) and (B) of this item (2), multiplied by the applicable assessment factor, and (ii) the estimated assessed value of the land portion of the property, as determined in accordance with subparagraph (C).

(A) The "estimated fair market value of buildings on the property" means the replacement value of any exempt portion of buildings on the property, minus depreciation, determined utilizing the cost replacement method whereby the exempt square footage of all such buildings is multiplied by the

replacement cost per square foot for Class A Average building found in the most recent edition of the Marshall & Swift Valuation Services Manual, adjusted by any appropriate current cost and local multipliers.

(B) Depreciation, for purposes of calculating the estimated fair market value of buildings on the property, is applied by utilizing a weighted mean life for the buildings based on original construction and assuming a 40-year life for hospital buildings and the applicable life for other types of buildings as specified in the American Hospital Association publication "Estimated Useful Lives of Depreciable Hospital Assets". In the case of hospital buildings, the remaining life is divided by 40 and this ratio is multiplied by the replacement cost of the buildings to obtain an estimated fair market value of buildings. If a hospital building is older than 35 years, a remaining life of 5 years for residual value is assumed; and if a building is less than 8 years old, a remaining life of 32 years is assumed.

(C) The estimated assessed value of the land portion of the property shall be determined by multiplying (i) the per square foot average of the assessed values of three parcels of land (not including farm land, and excluding the assessed value of the improvements thereon) reasonably comparable to the property, by (ii) the number of square feet comprising the exempt portion of the property's land square footage.

(3) The assessment factor, State equalization rate, and tax rate (including any special factors such as Enterprise Zones) used in calculating the estimated property tax liability shall be for the most recent year that is publicly available from the applicable chief county assessment officer or officers at least 90 days before the end of the hospital year.

(4) The method utilized to calculate estimated property tax liability for purposes of this Section 15-86 shall not be utilized for the actual valuation, assessment, or taxation of property pursuant to the Property Tax Code.

(h) Application. Each hospital applicant applying for a property tax exemption pursuant to Section 15-5 and this Section shall use an application form provided by the Department. The application form shall specify the records required in support of the application and those records shall be submitted to the Department with the application form. Each application or affidavit shall contain a verification by the Chief Executive Officer of the hospital applicant under oath or affirmation stating that each statement in the application or affidavit and each document submitted with the application or affidavit are true and correct. The records submitted with the application pursuant this Section shall include an exhibit prepared by the relevant hospital entity showing (A) the value of the relevant hospital entity's services and activities, if any, under paragraphs (1) through (7) of subsection (e) of this Section stated separately for each paragraph, and (B) the value relating to the relevant hospital entity's estimated property tax liability under subsections (g)(1)(A), (B), and (C), subsections (g)(2)(A), (B), and (C), and subsection (g)(3) of this Section stated separately for each item. Such exhibit will be made available to the public by the chief county assessment officer. Nothing in this Section shall be construed as limiting the Attorney General's authority under the Illinois False Claims Act.

(i) Nothing in this Section shall be construed to limit the ability of otherwise eligible hospitals, hospital owners, hospital affiliates, or hospital systems to obtain or maintain property tax exemptions pursuant to a provision of the Property Tax Code other than this Section.

Section 5-60. The Illinois Public Aid Code is amended by changing Sections 5A-1, 5A-2, 5A-4, 5A-5, 5A-8, 5A-10, 5A-13, and 5A-14 and by adding Sections 5A-12.4 and 5A-15 as follows:

(305 ILCS 5/5A-1) (from Ch. 23, par. 5A-1)

Sec. 5A-1. Definitions. As used in this Article, unless the context requires otherwise:

"Adjusted gross hospital revenue" shall be determined separately for inpatient and outpatient services for each hospital conducted, operated or maintained by a hospital provider, and means the hospital provider's total gross revenues less: (i) gross revenue attributable to non-hospital based services including home dialysis services, durable medical equipment, ambulance services, outpatient clinics and any other non-hospital based services as determined by the Illinois Department by rule; and (ii) gross revenues attributable to the routine services provided to persons receiving skilled or intermediate long-term care services within the meaning of Title XVIII or XIX of the Social Security Act; and (iii) Medicare gross revenue (excluding the Medicare gross revenue attributable to clauses (i) and (ii) of this paragraph and the Medicare gross revenue attributable to the routine services provided to patients in a psychiatric hospital, a rehabilitation hospital, a distinct part psychiatric unit, a distinct part rehabilitation unit, or swing beds). Adjusted gross hospital revenue shall be determined using the most recent data available from each hospital's 2003 Medicare cost report as contained in the Healthcare Cost Report Information System file, for the quarter ending on December 31, 2004, without regard to any subsequent adjustments or changes to such data. If a hospital's 2003 Medicare cost report is not contained in the

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~~Healthcare Cost Report Information System, the hospital provider shall furnish such cost report or the data necessary to determine its adjusted gross hospital revenue as required by rule by the Illinois Department.~~

"Fund" means the Hospital Provider Fund.

"Hospital" means an institution, place, building, or agency located in this State that is subject to licensure by the Illinois Department of Public Health under the Hospital Licensing Act, whether public or private and whether organized for profit or not-for-profit.

"Hospital provider" means a person licensed by the Department of Public Health to conduct, operate, or maintain a hospital, regardless of whether the person is a Medicaid provider. For purposes of this paragraph, "person" means any political subdivision of the State, municipal corporation, individual, firm, partnership, corporation, company, limited liability company, association, joint stock association, or trust, or a receiver, executor, trustee, guardian, or other representative appointed by order of any court.

"Medicare bed days" means, for each hospital, the sum of the number of days that each bed was occupied by a patient who was covered by Title XVIII of the Social Security Act, excluding days attributable to the routine services provided to persons receiving skilled or intermediate long term care services. Medicare bed days shall be computed separately for each hospital operated or maintained by a hospital provider.

"Occupied bed days" means the sum of the number of days that each bed was occupied by a patient for all beds, excluding days attributable to the routine services provided to persons receiving skilled or intermediate long term care services. Occupied bed days shall be computed separately for each hospital operated or maintained by a hospital provider.

"Outpatient gross revenue" means, for each hospital, its total gross charges attributed to outpatient services as reported on the Medicare cost report at Worksheet C, Part I, Column 7, line 101, less the sum of lines 45, 60, 63, 64, 65, 66, 67, and 68 (and any subsets of those lines).

~~"Proration factor" means a fraction, the numerator of which is 53 and the denominator of which is 365.~~

(Source: P.A. 94-242, eff. 7-18-05; 95-859, eff. 8-19-08.)

(305 ILCS 5/5A-2) (from Ch. 23, par. 5A-2)

(Section scheduled to be repealed on July 1, 2014)

Sec. 5A-2. Assessment.

~~(a) Subject to Sections 5A-3 and 5A-10, an annual assessment on inpatient services is imposed on each hospital provider in an amount equal to the hospital's occupied bed days multiplied by \$84.19 multiplied by the proration factor for State fiscal year 2004 and the hospital's occupied bed days multiplied by \$84.19 for State fiscal year 2005.~~

~~For State fiscal years 2004 and 2005, the Department of Healthcare and Family Services shall use the number of occupied bed days as reported by each hospital on the Annual Survey of Hospitals conducted by the Department of Public Health to calculate the hospital's annual assessment. If the sum of a hospital's occupied bed days is not reported on the Annual Survey of Hospitals or if there are data errors in the reported sum of a hospital's occupied bed days as determined by the Department of Healthcare and Family Services (formerly Department of Public Aid), then the Department of Healthcare and Family Services may obtain the sum of occupied bed days from any source available, including, but not limited to, records maintained by the hospital provider, which may be inspected at all times during business hours of the day by the Department of Healthcare and Family Services or its duly authorized agents and employees.~~

~~Subject to Sections 5A-3 and 5A-10, for the privilege of engaging in the occupation of hospital provider, beginning August 1, 2005, an annual assessment is imposed on each hospital provider for State fiscal years 2006, 2007, and 2008, in an amount equal to 2.5835% of the hospital provider's adjusted gross hospital revenue for inpatient services and 2.5835% of the hospital provider's adjusted gross hospital revenue for outpatient services. If the hospital provider's adjusted gross hospital revenue is not available, then the Illinois Department may obtain the hospital provider's adjusted gross hospital revenue from any source available, including, but not limited to, records maintained by the hospital provider, which may be inspected at all times during business hours of the day by the Illinois Department or its duly authorized agents and employees.~~

Subject to Sections 5A-3 and 5A-10, for State fiscal years 2009 through 2014, and from July 1, 2014 through December 31, 2014, an annual assessment on inpatient services is imposed on each hospital provider in an amount equal to \$218.38 multiplied by the difference of the hospital's occupied bed days less the hospital's Medicare bed days.

For State fiscal years 2009 through 2014, and after a hospital's occupied bed days and Medicare bed days shall be determined using the most recent data available from each hospital's 2005 Medicare cost

report as contained in the Healthcare Cost Report Information System file, for the quarter ending on December 31, 2006, without regard to any subsequent adjustments or changes to such data. If a hospital's 2005 Medicare cost report is not contained in the Healthcare Cost Report Information System, then the Illinois Department may obtain the hospital provider's occupied bed days and Medicare bed days from any source available, including, but not limited to, records maintained by the hospital provider, which may be inspected at all times during business hours of the day by the Illinois Department or its duly authorized agents and employees.

(b) (Blank).

(b-5) Subject to Sections 5A-3 and 5A-10, for State fiscal years 2013 through 2014, and July 1, 2014 through December 31, 2014, an annual assessment on outpatient services is imposed on each hospital provider in an amount equal to .008766 multiplied by the hospital's outpatient gross revenue.

For State fiscal years 2013 through 2014, and July 1, 2014 through December 31, 2014, a hospital's outpatient gross revenue shall be determined using the most recent data available from each hospital's 2009 Medicare cost report as contained in the Healthcare Cost Report Information System file, for the quarter ending on June 30, 2011, without regard to any subsequent adjustments or changes to such data. If a hospital's 2009 Medicare cost report is not contained in the Healthcare Cost Report Information System, then the Department may obtain the hospital provider's outpatient gross revenue from any source available, including, but not limited to, records maintained by the hospital provider, which may be inspected at all times during business hours of the day by the Department or its duly authorized agents and employees.

(c) (Blank).

(d) Notwithstanding any of the other provisions of this Section, the Department is authorized, ~~during this 94th General Assembly,~~ to adopt rules to reduce the rate of any annual assessment imposed under this Section, as authorized by Section 5-46.2 of the Illinois Administrative Procedure Act.

(e) Notwithstanding any other provision of this Section, any plan providing for an assessment on a hospital provider as a permissible tax under Title XIX of the federal Social Security Act and Medicaid-eligible payments to hospital providers from the revenues derived from that assessment shall be reviewed by the Illinois Department of Healthcare and Family Services, as the Single State Medicaid Agency required by federal law, to determine whether those assessments and hospital provider payments meet federal Medicaid standards. If the Department determines that the elements of the plan may meet federal Medicaid standards and a related State Medicaid Plan Amendment is prepared in a manner and form suitable for submission, that State Plan Amendment shall be submitted in a timely manner for review by the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services and subject to approval by the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services. No such plan shall become effective without approval by the Illinois General Assembly by the enactment into law of related legislation. Notwithstanding any other provision of this Section, the Department is authorized to adopt rules to reduce the rate of any annual assessment imposed under this Section. Any such rules may be adopted by the Department under Section 5-50 of the Illinois Administrative Procedure Act.

(Source: P.A. 95-859, eff. 8-19-08; 96-1530, eff. 2-16-11.)

(305 ILCS 5/5A-4) (from Ch. 23, par. 5A-4)

Sec. 5A-4. Payment of assessment; penalty.

~~(a) The annual assessment imposed by Section 5A-2 for State fiscal year 2004 shall be due and payable on June 18 of the year. The assessment imposed by Section 5A-2 for State fiscal year 2005 shall be due and payable in quarterly installments, each equalling one fourth of the assessment for the year, on July 19, October 19, January 18, and April 19 of the year. The assessment imposed by Section 5A-2 for State fiscal years 2006 through 2008 shall be due and payable in quarterly installments, each equaling one fourth of the assessment for the year, on the fourteenth State business day of September, December, March, and May. Except as provided in subsection (a 5) of this Section, the assessment imposed by Section 5A-2 for State fiscal year 2009 and each subsequent State fiscal year shall be due and payable in monthly installments, each equaling one-twelfth of the assessment for the year, on the fourteenth State business day of each month. No installment payment of an assessment imposed by Section 5A-2 shall be due and payable, however, until after the Comptroller has issued the payments required under this Article : (i) the Department notifies the hospital provider, in writing, that the payment methodologies to hospitals required under Section 5A-12, Section 5A-12.1, or Section 5A-12.2, whichever is applicable for that fiscal year, have been approved by the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services and the waiver under 42 CFR 433.68 for the assessment imposed by Section 5A-2, if necessary, has been granted by the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services; and (ii) the Comptroller has issued the~~

payments required under Section 5A-12, Section 5A-12.1, or Section 5A-12.2, whichever is applicable for that fiscal year. Upon notification to the Department of approval of the payment methodologies required under Section 5A-12, Section 5A-12.1, or Section 5A-12.2, whichever is applicable for that fiscal year, and the waiver granted under 42 CFR 433.68, all installments otherwise due under Section 5A-2 prior to the date of notification shall be due and payable to the Department upon written direction from the Department and issuance by the Comptroller of the payments required under Section 5A-12.1 or Section 5A-12.2, whichever is applicable for that fiscal year.

Except as provided in subsection (a-5) of this Section, the assessment imposed by subsection (b-5) of Section 5A-2 for State fiscal year 2013 and each subsequent State fiscal year shall be due and payable in monthly installments, each equaling one-twelfth of the assessment for the year, on the 14th State business day of each month. No installment payment of an assessment imposed by subsection (b-5) of Section 5A-2 shall be due and payable, however, until after: (i) the Department notifies the hospital provider, in writing, that the payment methodologies to hospitals required under Section 5A-12.4, have been approved by the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services, and the waiver under 42 CFR 433.68 for the assessment imposed by subsection (b-5) of Section 5A-2, if necessary, has been granted by the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services; and (ii) the Comptroller has issued the payments required under Section 5A-12.4. Upon notification to the Department of approval of the payment methodologies required under Section 5A-12.4 and the waiver granted under 42 CFR 433.68, if necessary, all installments otherwise due under subsection (b-5) of Section 5A-2 prior to the date of notification shall be due and payable to the Department upon written direction from the Department and issuance by the Comptroller of the payments required under Section 5A-12.4.

(a-5) The Illinois Department may, ~~for the purpose of maximizing federal revenue,~~ accelerate the schedule upon which assessment installments are due and payable by hospitals with a payment ratio greater than or equal to one. Such acceleration of due dates for payment of the assessment may be made only in conjunction with a corresponding acceleration in access payments identified in Section 5A-12.2 or Section 5A-12.4 to the same hospitals. For the purposes of this subsection (a-5), a hospital's payment ratio is defined as the quotient obtained by dividing the total payments for the State fiscal year, as authorized under Section 5A-12.2 or Section 5A-12.4, by the total assessment for the State fiscal year imposed under Section 5A-2 or subsection (b-5) of Section 5A-2.

(b) The Illinois Department is authorized to establish delayed payment schedules for hospital providers that are unable to make installment payments when due under this Section due to financial difficulties, as determined by the Illinois Department.

(c) If a hospital provider fails to pay the full amount of an installment when due (including any extensions granted under subsection (b)), there shall, unless waived by the Illinois Department for reasonable cause, be added to the assessment imposed by Section 5A-2 a penalty assessment equal to the lesser of (i) 5% of the amount of the installment not paid on or before the due date plus 5% of the portion thereof remaining unpaid on the last day of each 30-day period thereafter or (ii) 100% of the installment amount not paid on or before the due date. For purposes of this subsection, payments will be credited first to unpaid installment amounts (rather than to penalty or interest), beginning with the most delinquent installments.

(d) Any assessment amount that is due and payable to the Illinois Department more frequently than once per calendar quarter shall be remitted to the Illinois Department by the hospital provider by means of electronic funds transfer. The Illinois Department may provide for remittance by other means if (i) the amount due is less than \$10,000 or (ii) electronic funds transfer is unavailable for this purpose.

(Source: P.A. 95-331, eff. 8-21-07; 95-859, eff. 8-19-08; 96-821, eff. 11-20-09.)

(305 ILCS 5/5A-5) (from Ch. 23, par. 5A-5)

Sec. 5A-5. Notice; penalty; maintenance of records.

(a) The ~~Illinois Department of Healthcare and Family Services~~ shall send a notice of assessment to every hospital provider subject to assessment under this Article. The notice of assessment shall notify the hospital of its assessment and shall be sent after receipt by the Department of notification from the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services that the payment methodologies required under ~~this Article Section 5A-12, Section 5A-12.1, or Section 5A-12.2, whichever is applicable for that fiscal year,~~ and, if necessary, the waiver granted under 42 CFR 433.68 have been approved. The notice shall be on a form prepared by the Illinois Department and shall state the following:

(1) The name of the hospital provider.

(2) The address of the hospital provider's principal place of business from which the provider engages in the occupation of hospital provider in this State, and the name and address of each

hospital operated, conducted, or maintained by the provider in this State.

(3) The occupied bed days, occupied bed days less Medicare days, ~~or~~ adjusted gross hospital revenue, or outpatient gross revenue of the hospital provider (whichever is applicable), the amount of assessment imposed under Section 5A-2 for the State fiscal year for which the notice is sent, and the amount of each installment to be paid during the State fiscal year.

(4) (Blank).

(5) Other reasonable information as determined by the Illinois Department.

(b) If a hospital provider conducts, operates, or maintains more than one hospital licensed by the Illinois Department of Public Health, the provider shall pay the assessment for each hospital separately.

(c) Notwithstanding any other provision in this Article, in the case of a person who ceases to conduct, operate, or maintain a hospital in respect of which the person is subject to assessment under this Article as a hospital provider, the assessment for the State fiscal year in which the cessation occurs shall be adjusted by multiplying the assessment computed under Section 5A-2 by a fraction, the numerator of which is the number of days in the year during which the provider conducts, operates, or maintains the hospital and the denominator of which is 365. Immediately upon ceasing to conduct, operate, or maintain a hospital, the person shall pay the assessment for the year as so adjusted (to the extent not previously paid).

(d) Notwithstanding any other provision in this Article, a provider who commences conducting, operating, or maintaining a hospital, upon notice by the Illinois Department, shall pay the assessment computed under Section 5A-2 and subsection (e) in installments on the due dates stated in the notice and on the regular installment due dates for the State fiscal year occurring after the due dates of the initial notice.

~~(e) Notwithstanding any other provision in this Article, for State fiscal years 2004 and 2005, in the case of a hospital provider that did not conduct, operate, or maintain a hospital throughout calendar year 2001, the assessment for that State fiscal year shall be computed on the basis of hypothetical occupied bed days for the full calendar year as determined by the Illinois Department. Notwithstanding any other provision in this Article, for State fiscal years 2006 through 2008, in the case of a hospital provider that did not conduct, operate, or maintain a hospital in 2003, the assessment for that State fiscal year shall be computed on the basis of hypothetical adjusted gross hospital revenue for the hospital's first full fiscal year as determined by the Illinois Department (which may be based on annualization of the provider's actual revenues for a portion of the year, or revenues of a comparable hospital for the year, including revenues realized by a prior provider of the same hospital during the year). Notwithstanding any other provision in this Article, for State fiscal years 2009 through 2014, in the case of a hospital provider that did not conduct, operate, or maintain a hospital in 2005, the assessment for that State fiscal year shall be computed on the basis of hypothetical occupied bed days for the full calendar year as determined by the Illinois Department. Notwithstanding any other provision in this Article, for State fiscal years 2013 through 2014, and for July 1, 2014 through December 31, 2014, in the case of a hospital provider that did not conduct, operate, or maintain a hospital in 2009, the assessment under subsection (b-5) of Section 5A-2 for that State fiscal year shall be computed on the basis of hypothetical gross outpatient revenue for the full calendar year as determined by the Illinois Department.~~

(f) Every hospital provider subject to assessment under this Article shall keep sufficient records to permit the determination of adjusted gross hospital revenue for the hospital's fiscal year. All such records shall be kept in the English language and shall, at all times during regular business hours of the day, be subject to inspection by the Illinois Department or its duly authorized agents and employees.

(g) The Illinois Department may, by rule, provide a hospital provider a reasonable opportunity to request a clarification or correction of any clerical or computational errors contained in the calculation of its assessment, but such corrections shall not extend to updating the cost report information used to calculate the assessment.

(h) (Blank).

(Source: P.A. 95-331, eff. 8-21-07; 95-859, eff. 8-19-08; 96-1530, eff. 2-16-11.)

(305 ILCS 5/5A-8) (from Ch. 23, par. 5A-8)

Sec. 5A-8. Hospital Provider Fund.

(a) There is created in the State Treasury the Hospital Provider Fund. Interest earned by the Fund shall be credited to the Fund. The Fund shall not be used to replace any moneys appropriated to the Medicaid program by the General Assembly.

(b) The Fund is created for the purpose of receiving moneys in accordance with Section 5A-6 and disbursing moneys only for the following purposes, notwithstanding any other provision of law:

(1) For making payments to hospitals as required under ~~Articles V, V A, VI, and XIV~~ of this Code, under the Children's

Health Insurance Program Act, under the Covering ALL KIDS Health Insurance Act, and under the Long Term Acute Care Hospital Quality Improvement Transfer Program ~~Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act.~~

(2) For the reimbursement of moneys collected by the Illinois Department from hospitals or hospital providers through error or mistake in performing the activities authorized under ~~this Article and Article V~~ of this Code.

(3) For payment of administrative expenses incurred by the Illinois Department or its agent in performing the activities authorized by this Code, under the Children's Health Insurance Program Act, under the Covering ALL KIDS Health Insurance Act, and under the Long Term Acute Care Hospital Quality Improvement Transfer Program Act, ~~Article.~~

(4) For payments of any amounts which are reimbursable to the federal government for payments from this Fund which are required to be paid by State warrant.

(5) For making transfers, as those transfers are authorized in the proceedings authorizing debt under the Short Term Borrowing Act, but transfers made under this paragraph (5) shall not exceed the principal amount of debt issued in anticipation of the receipt by the State of moneys to be deposited into the Fund.

(6) For making transfers to any other fund in the State treasury, but transfers made under this paragraph (6) shall not exceed the amount transferred previously from that other fund into the Hospital Provider Fund.

(6.5) For making transfers to the Healthcare Provider Relief Fund, except that transfers made under this paragraph (6.5) shall not exceed \$60,000,000 in the aggregate.

(7) For making transfers not exceeding the following amounts, in State Fiscal Years 2013 and 2014, to the following designated funds:

<u>Health and Human Services Medicaid Trust</u>	
Fund.....	\$20,000,000
Long-Term Care Provider Fund.....	\$30,000,000
General Revenue Fund.....	\$80,000,000.

Transfers under this paragraph shall be made within 7 days after the payments have been received pursuant to the schedule of payments provided in subsection (a) of Section 5A-4.

(7.1) For making transfers not exceeding the following amounts, in State Fiscal Year 2015, to the following designated funds:

<u>Health and Human Services Medicaid Trust</u>	
Fund.....	\$10,000,000
Long-Term Care Provider Fund.....	\$15,000,000
General Revenue Fund.....	\$40,000,000.

Transfers under this paragraph shall be made within 7 days after the payments have been received pursuant to the schedule of payments provided in subsection (a) of Section 5A-4. ~~For State fiscal years 2004 and 2005 for making transfers to the Health and Human Services Medicaid Trust Fund, including 20% of the moneys received from hospital providers under Section 5A-4 and transferred into the Hospital Provider Fund under Section 5A-6. For State fiscal year 2006 for making transfers to the Health and Human Services Medicaid Trust Fund of up to \$130,000,000 per year of the moneys received from hospital providers under Section 5A-4 and transferred into the Hospital Provider Fund under Section 5A-6. Transfers under this paragraph shall be made within 7 days after the payments have been received pursuant to the schedule of payments provided in subsection (a) of Section 5A-4.~~

(7.5) (Blank). ~~For State fiscal year 2007 for making transfers of the moneys received from hospital providers under Section 5A-4 and transferred into the Hospital Provider Fund under Section 5A-6 to the designated funds not exceeding the following amounts in that State fiscal year:~~

<u>Health and Human Services</u>	
Medicaid Trust Fund.....	\$20,000,000
Long Term Care Provider Fund.....	\$30,000,000
General Revenue Fund.....	\$80,000,000.

~~Transfers under this paragraph shall be made within 7 days after the payments have been received pursuant to the schedule of payments provided in subsection (a) of Section 5A-4.~~

(7.8) (Blank). ~~For State fiscal year 2008, for making transfers of the moneys received from hospital providers under Section 5A-4 and transferred into the Hospital Provider Fund under Section 5A-6 to the designated funds not exceeding the following amounts in that State fiscal year:~~

<u>Health and Human Services</u>	
Medicaid Trust Fund.....	\$40,000,000
Long Term Care Provider Fund.....	\$60,000,000

General Revenue Fund.....\$160,000,000.

Transfers under this paragraph shall be made within 7 days after the payments have been received pursuant to the schedule of payments provided in subsection (a) of Section 5A-4.

(7.9) (Blank). For State fiscal years 2009 through 2014, for making transfers of the moneys received from hospital providers under Section 5A-4 and transferred into the Hospital Provider Fund under Section 5A-6 to the designated funds not exceeding the following amounts in that State fiscal year:

Health and Human Services

Medicaid Trust Fund.....\$20,000,000

Long Term Care Provider Fund.....\$30,000,000

General Revenue Fund.....\$80,000,000.

Except as provided under this paragraph, transfers under this paragraph shall be made within 7 business days after the payments have been received pursuant to the schedule of payments provided in subsection (a) of Section 5A-4. For State fiscal year 2009, transfers to the General Revenue Fund under this paragraph shall be made on or before June 30, 2009, as sufficient funds become available in the Hospital Provider Fund to both make the transfers and continue hospital payments.

(7.10) For State fiscal years 2013 and 2014, for making transfers of the moneys resulting from the assessment under subsection (b-5) of Section 5A-2 and received from hospital providers under Section 5A-4 and transferred into the Hospital Provider Fund under Section 5A-6 to the designated funds not exceeding the following amounts in that State fiscal year:

Health Care Provider Relief Fund.....\$50,000,000

Transfers under this paragraph shall be made within 7 days after the payments have been received pursuant to the schedule of payments provided in subsection (a) of Section 5A-4.

(7.11) For State Fiscal Year 2015, for making transfers of the moneys resulting from the assessment under subsection (b-5) of Section 5A-2 and received from hospital providers under Section 5A-4 and transferred into the Hospital Provider Fund under Section 5A-6 to the designated funds not exceeding the following amounts in that State fiscal year:

Health Care Provider Relief Fund.....\$25,000,000

Transfers under this paragraph shall be made within 7 days after the payments have been received pursuant to the schedule of payments provided in subsection (a) of Section 5A-4.

(8) For making refunds to hospital providers pursuant to Section 5A-10.

Disbursements from the Fund, other than transfers authorized under paragraphs (5) and (6) of this subsection, shall be by warrants drawn by the State Comptroller upon receipt of vouchers duly executed and certified by the Illinois Department.

(c) The Fund shall consist of the following:

(1) All moneys collected or received by the Illinois Department from the hospital provider assessment imposed by this Article.

(2) All federal matching funds received by the Illinois Department as a result of expenditures made by the Illinois Department that are attributable to moneys deposited in the Fund.

(3) Any interest or penalty levied in conjunction with the administration of this Article.

(4) Moneys transferred from another fund in the State treasury.

(5) All other moneys received for the Fund from any other source, including interest earned thereon.

(d) (Blank).

(Source: P.A. 95-707, eff. 1-11-08; 95-859, eff. 8-19-08; 96-3, eff. 2-27-09; 96-45, eff. 7-15-09; 96-821, eff. 11-20-09; 96-1530, eff. 2-16-11.)

(305 ILCS 5/5A-10) (from Ch. 23, par. 5A-10)

Sec. 5A-10. Applicability.

(a) The assessment imposed by subsection (a) of Section 5A-2 shall not take effect or shall cease to be imposed, and any moneys remaining in the Fund shall be refunded to hospital providers in proportion to the amounts paid by them, if:

(1) The payments to hospitals required under this Article are not eligible for federal matching funds under Title XIX or XXI of the Social Security Act. The sum of the appropriations for State fiscal years 2004 and 2005 from the General Revenue Fund for hospital payments under the medical assistance program is less than \$4,500,000,000 or the appropriation for each of State fiscal years 2006, 2007 and 2008 from the General Revenue Fund for hospital payments under the medical assistance program is less than \$2,500,000,000 increased annually to reflect any increase in the number of recipients, or the annual appropriation for State fiscal years 2009, 2010, 2011, 2013, and 2014, from the General Revenue Fund combined with the Hospital Provider Fund as authorized in Section 5A-8 for hospital payments under

the medical assistance program, is less than the amount appropriated for State fiscal year 2009, adjusted annually to reflect any change in the number of recipients, excluding State fiscal year 2009 supplemental appropriations made necessary by the enactment of the American Recovery and Reinvestment Act of 2009; or

(2) For State fiscal years prior to State fiscal year 2009, the Department of Healthcare and Family Services (formerly Department of Public Aid) makes changes in its rules that reduce the hospital inpatient or outpatient payment rates, including adjustment payment rates, in effect on October 1, 2004, except for hospitals described in subsection (b) of Section 5A-3 and except for changes in the methodology for calculating outlier payments to hospitals for exceptionally costly stays, so long as those changes do not reduce aggregate expenditures below the amount expended in State fiscal year 2005 for such services; or

(2) ~~(2-1)~~ For State fiscal years 2009 through 2014, and July 1, 2014 through December 31, 2014, the Department of Healthcare and Family

Services adopts any administrative rule change to reduce payment rates or alters any payment methodology that reduces any payment rates made to operating hospitals under the approved Title XIX or Title XXI State plan in effect January 1, 2008 except for:

(A) any changes for hospitals described in subsection (b) of Section 5A-3; or

(B) any rates for payments made under this Article V-A; or

(C) any changes proposed in State plan amendment transmittal numbers 08-01, 08-02, 08-04, 08-06, and 08-07; or

(D) in relation to any admissions on or after January 1, 2011, a modification in the methodology for calculating outlier payments to hospitals for exceptionally costly stays, for hospitals reimbursed under the diagnosis-related grouping methodology in effect on July 1, 2011; provided that the Department shall be limited to one such modification during the 36-month period after the effective date of this amendatory Act of the 96th General Assembly; or

(3) The payments to hospitals required under Section 5A-12 or Section 5A-12.2 are changed or are not eligible for federal matching funds under Title XIX or XXI of the Social Security Act.

(b) The assessment imposed by Section 5A-2 shall not take effect or shall cease to be imposed, and the Department's obligation to make payments shall immediately cease, if the assessment is determined to be an impermissible tax under Title XIX of the Social Security Act. Moneys in the Hospital Provider Fund derived from assessments imposed prior thereto shall be disbursed in accordance with Section 5A-8 to the extent federal financial participation is not reduced due to the impermissibility of the assessments, and any remaining moneys shall be refunded to hospital providers in proportion to the amounts paid by them.

(c) The assessments imposed by subsection (b-5) of Section 5A-2 shall not take effect or shall cease to be imposed, the Department's obligation to make payments shall immediately cease, and any moneys remaining in the Fund shall be refunded to hospital providers in proportion to the amounts paid by them, if the payments to hospitals required under Section 5A-12.4 are not eligible for federal matching funds under Title XIX of the Social Security Act.

(d) The assessments imposed by Section 5A-2 shall not take effect or shall cease to be imposed, the Department's obligation to make payments shall immediately cease, and any moneys remaining in the Fund shall be refunded to hospital providers in proportion to the amounts paid by them, if:

(1) for State fiscal years 2013 through 2014, and July 1, 2014 through December 31, 2014, the Department reduces any payment rates to hospitals as in effect on May 1, 2012, or alters any payment methodology as in effect on May 1, 2012, that has the effect of reducing payment rates to hospitals, except for any changes affecting hospitals authorized in Senate Bill 2840 of the 97th General Assembly in the form in which it becomes law, and except for any changes authorized under Section 5A-15; or

(2) for State fiscal years 2013 through 2014, and July 1, 2014 through December 31, 2014, the Department reduces any supplemental payments made to hospitals below the amounts paid for services provided in State fiscal year 2011 as implemented by administrative rules adopted and in effect on or prior to June 30, 2011, except for any changes affecting hospitals authorized in Senate Bill 2840 of the 97th General Assembly in the form in which it becomes law, and except for any changes authorized under Section 5A-15.

(Source: P.A. 96-8, eff. 4-28-09; 96-1530, eff. 2-16-11; 97-72, eff. 7-1-11; 97-74, eff. 6-30-11.)

(305 ILCS 5/5A-12.4 new)

Sec. 5A-12.4. Hospital access improvement payments on or after July 1, 2012.

(a) Hospital access improvement payments. To preserve and improve access to hospital services, for hospital and physician services rendered on or after July 1, 2012, the Illinois Department shall, except

[May 28, 2012]

for hospitals described in subsection (b) of Section 5A-3, make payments to hospitals as set forth in this Section. These payments shall be paid in 12 equal installments on or before the 7th State business day of each month, except that no payment shall be due within 100 days after the later of the date of notification of federal approval of the payment methodologies required under this Section or any waiver required under 42 CFR 433.68, at which time the sum of amounts required under this Section prior to the date of notification is due and payable. Payments under this Section are not due and payable, however, until (i) the methodologies described in this Section are approved by the federal government in an appropriate State Plan amendment and (ii) the assessment imposed under subsection (b-5) of Section 5A-2 of this Article is determined to be a permissible tax under Title XIX of the Social Security Act. The Illinois Department shall take all actions necessary to implement the payments under this Section effective July 1, 2012, including but not limited to providing public notice pursuant to federal requirements, the filing of a State Plan amendment, and the adoption of administrative rules.

(a-5) Accelerated schedule. The Illinois Department may, when practicable, accelerate the schedule upon which payments authorized under this Section are made.

(b) Magnet and perinatal hospital adjustment. In addition to rates paid for inpatient hospital services, the Department shall pay to each Illinois general acute care hospital that, as of August 25, 2011, was recognized as a Magnet hospital by the American Nurses Credentialing Center and that, as of September 14, 2011, was designated as a level III perinatal center amounts as follows:

(1) For hospitals with a case mix index equal to or greater than the 80th percentile of case mix indices for all Illinois hospitals, \$470 for each Medicaid general acute care inpatient day of care provided by the hospital during State fiscal year 2009.

(2) For all other hospitals, \$170 for each Medicaid general acute care inpatient day of care provided by the hospital during State fiscal year 2009.

(c) Trauma level II adjustment. In addition to rates paid for inpatient hospital services, the Department shall pay to each Illinois general acute care hospital that, as of July 1, 2011, was designated as a level II trauma center amounts as follows:

(1) For hospitals with a case mix index equal to or greater than the 50th percentile of case mix indices for all Illinois hospitals, \$470 for each Medicaid general acute care inpatient day of care provided by the hospital during State fiscal year 2009.

(2) For all other hospitals, \$170 for each Medicaid general acute care inpatient day of care provided by the hospital during State fiscal year 2009.

(3) For the purposes of this adjustment, hospitals located in the same city that alternate their trauma center designation as defined in 89 Ill. Adm. Code 148.295(a)(2) shall have the adjustment provided under this section divided between the 2 hospitals.

(d) Dual eligible adjustment. In addition to rates paid for inpatient services, the Department shall pay each Illinois general acute care hospital that had a ratio of crossover days to total inpatient days for programs under Title XIX of the Social Security Act administered by the Department (utilizing information from 2009 paid claims) greater than 50%, and a case mix index equal to or greater than the 75th percentile of case mix indices for all Illinois hospitals, a rate of \$400 for each Medicaid inpatient day during State fiscal year 2009 including crossover days.

(e) Medicaid volume adjustment. In addition to rates paid for inpatient hospital services, the Department shall pay to each Illinois general acute care hospital that provided more than 10,000 Medicaid inpatient days of care in State fiscal year 2009, has a Medicaid inpatient utilization rate of at least 29.05% as calculated by the Department for the Rate Year 2011 Disproportionate Share determination, and is not eligible for Medicaid Percentage Adjustment payments in rate year 2011 an amount equal to \$135 for each Medicaid inpatient day of care provided during State fiscal year 2009.

(f) Outpatient service adjustment. In addition to the rates paid for outpatient hospital services, the Department shall pay each Illinois hospital an amount at least equal to \$100 multiplied by the hospital's outpatient ambulatory procedure listing services (excluding categories 3B and 3C) and by the hospital's end stage renal disease treatment services provided for State fiscal year 2009.

(g) Ambulatory service adjustment.

(1) In addition to the rates paid for outpatient hospital services provided in the emergency department, the Department shall pay each Illinois hospital an amount equal to \$105 multiplied by the hospital's outpatient ambulatory procedure listing services for categories 3A, 3B, and 3C for State fiscal year 2009.

(2) In addition to the rates paid for outpatient hospital services, the Department shall pay each Illinois freestanding psychiatric hospital an amount equal to \$200 multiplied by the hospital's ambulatory procedure listing services for category 5A for State fiscal year 2009.

(h) Specialty hospital adjustment. In addition to the rates paid for outpatient hospital services, the

Department shall pay each Illinois long term acute care hospital and each Illinois hospital devoted exclusively to the treatment of cancer, an amount equal to \$700 multiplied by the hospital's outpatient ambulatory procedure listing services and by the hospital's end stage renal disease treatment services (including services provided to individuals eligible for both Medicaid and Medicare) provided for State fiscal year 2009.

(h-1) ER Safety Net Payments. In addition to rates paid for outpatient services, the Department shall pay to each Illinois general acute care hospital with an emergency room ratio equal to or greater than 55%, that is not eligible for Medicaid percentage adjustments payments in rate year 2011, with a case mix index equal to or greater than the 20th percentile, and that is not designated as a trauma center by the Illinois Department of Public Health on July 1, 2011, as follows:

(1) Each hospital with an emergency room ratio equal to or greater than 74% shall receive a rate of \$225 for each outpatient ambulatory procedure listing and end-stage renal disease treatment service provided for State fiscal year 2009.

(2) For all other hospitals, \$65 shall be paid for each outpatient ambulatory procedure listing and end-stage renal disease treatment service provided for State fiscal year 2009.

(i) Physician supplemental adjustment. In addition to the rates paid for physician services, the Department shall make an adjustment payment for services provided by physicians as follows:

(1) Physician services eligible for the adjustment payment are those provided by physicians employed by or who have a contract to provide services to patients of the following hospitals: (i) Illinois general acute care hospitals that provided at least 17,000 Medicaid inpatient days of care in State fiscal year 2009 and are eligible for Medicaid Percentage Adjustment Payments in rate year 2011; and (ii) Illinois freestanding children's hospitals, as defined in 89 Ill. Adm. Code 149.50(c)(3)(A).

(2) The amount of the adjustment for each eligible hospital under this subsection (i) shall be determined by rule by the Department to spend a total pool of at least \$6,960,000 annually. This pool shall be allocated among the eligible hospitals based on the difference between the upper payment limit for what could have been paid under Medicaid for physician services provided during State fiscal year 2009 by physicians employed by or who had a contract with the hospital and the amount that was paid under Medicaid for such services, provided however, that in no event shall physicians at any individual hospital collectively receive an annual, aggregate adjustment in excess of \$435,000, except that any amount that is not distributed to a hospital because of the upper payment limit shall be reallocated among the remaining eligible hospitals that are below the upper payment limitation, on a proportionate basis.

(i-5) For any children's hospital which did not charge for its services during the base period, the Department shall use data supplied by the hospital to determine payments using similar methodologies for freestanding children's hospitals under this Section or Section 12.2.

(j) For purposes of this Section, a hospital that is enrolled to provide Medicaid services during State fiscal year 2009 shall have its utilization and associated reimbursements annualized prior to the payment calculations being performed under this Section.

(k) For purposes of this Section, the terms "Medicaid days", "ambulatory procedure listing services", and "ambulatory procedure listing payments" do not include any days, charges, or services for which Medicare or a managed care organization reimbursed on a capitated basis was liable for payment, except where explicitly stated otherwise in this Section.

(l) Definitions. Unless the context requires otherwise or unless provided otherwise in this Section, the terms used in this Section for qualifying criteria and payment calculations shall have the same meanings as those terms have been given in the Illinois Department's administrative rules as in effect on October 1, 2011. Other terms shall be defined by the Illinois Department by rule.

As used in this Section, unless the context requires otherwise:

"Case mix index" means, for a given hospital, the sum of the per admission (DRG) relative weighting factors in effect on January 1, 2005, for all general acute care admissions for State fiscal year 2009, excluding Medicare crossover admissions and transplant admissions reimbursed under 89 Ill. Adm. Code 148.82, divided by the total number of general acute care admissions for State fiscal year 2009, excluding Medicare crossover admissions and transplant admissions reimbursed under 89 Ill. Adm. Code 148.82.

"Emergency room ratio" means, for a given hospital, a fraction, the denominator of which is the number of the hospital's outpatient ambulatory procedure listing and end-stage renal disease treatment services provided for State fiscal year 2009 and the numerator of which is the hospital's outpatient ambulatory procedure listing services for categories 3A, 3B, and 3C for State fiscal year 2009.

"Medicaid inpatient day" means, for a given hospital, the sum of days of inpatient hospital days provided to recipients of medical assistance under Title XIX of the federal Social Security Act,

excluding days for individuals eligible for Medicare under Title XVIII of that Act (Medicaid/Medicare crossover days), as tabulated from the Department's paid claims data for admissions occurring during State fiscal year 2009 that was adjudicated by the Department through June 30, 2010.

"Outpatient ambulatory procedure listing services" means, for a given hospital, ambulatory procedure listing services, as described in 89 Ill. Adm. Code 148.140(b), provided to recipients of medical assistance under Title XIX of the federal Social Security Act, excluding services for individuals eligible for Medicare under Title XVIII of the Act (Medicaid/Medicare crossover days), as tabulated from the Department's paid claims data for services occurring in State fiscal year 2009 that were adjudicated by the Department through September 2, 2010.

"Outpatient end-stage renal disease treatment services" means, for a given hospital, the services, as described in 89 Ill. Adm. Code 148.140(c), provided to recipients of medical assistance under Title XIX of the federal Social Security Act, excluding payments for individuals eligible for Medicare under Title XVIII of the Act (Medicaid/Medicare crossover days), as tabulated from the Department's paid claims data for services occurring in State fiscal year 2009 that were adjudicated by the Department through September 2, 2010.

(m) The Department may adjust payments made under this Section 5A-12.4 to comply with federal law or regulations regarding hospital-specific payment limitations on government-owned or government-operated hospitals.

(n) Notwithstanding any of the other provisions of this Section, the Department is authorized to adopt rules that change the hospital access improvement payments specified in this Section, but only to the extent necessary to conform to any federally approved amendment to the Title XIX State plan. Any such rules shall be adopted by the Department as authorized by Section 5-50 of the Illinois Administrative Procedure Act. Notwithstanding any other provision of law, any changes implemented as a result of this subsection (n) shall be given retroactive effect so that they shall be deemed to have taken effect as of the effective date of this Section.

(o) The Department of Healthcare and Family Services must submit a State Medicaid Plan Amendment to the Centers of Medicare and Medicaid Services to implement the payments under this Section within 30 days of the effective date of this Act.

(305 ILCS 5/5A-13)

Sec. 5A-13. Emergency rulemaking.

(a) The Department of Healthcare and Family Services (formerly Department of Public Aid) may adopt rules necessary to implement this amendatory Act of the 94th General Assembly through the use of emergency rulemaking in accordance with Section 5-45 of the Illinois Administrative Procedure Act. For purposes of that Act, the General Assembly finds that the adoption of rules to implement this amendatory Act of the 94th General Assembly is deemed an emergency and necessary for the public interest, safety, and welfare.

(b) The Department of Healthcare and Family Services may adopt rules necessary to implement this amendatory Act of the 97th General Assembly through the use of emergency rulemaking in accordance with Section 5-45 of the Illinois Administrative Procedure Act. For purposes of that Act, the General Assembly finds that the adoption of rules to implement this amendatory Act of the 97th General Assembly is deemed an emergency and necessary for the public interest, safety, and welfare.

(Source: P.A. 94-242, eff. 7-18-05; 95-331, eff. 8-21-07.)

(305 ILCS 5/5A-14)

Sec. 5A-14. Repeal of assessments and disbursements.

(a) Section 5A-2 is repealed on January 1, 2015 ~~July 1, 2014~~.

(b) Section 5A-12 is repealed on July 1, 2005.

(c) Section 5A-12.1 is repealed on July 1, 2008.

(d) Section 5A-12.2 and Section 5A-12.4 are ~~is~~ repealed on January 1, 2015 ~~July 1, 2014~~.

(e) Section 5A-12.3 is repealed on July 1, 2011.

(Source: P.A. 95-859, eff. 8-19-08; 96-821, eff. 11-20-09; 96-1530, eff. 2-16-11.)

(305 ILCS 5/5A-15 new)

Sec. 5A-15. Protection of federal revenue.

(a) If the federal Centers for Medicare and Medicaid Services finds that any federal upper payment limit applicable to the payments under this Article is exceeded then:

(1) the payments under this Article that exceed the applicable federal upper payment limit shall be reduced uniformly to the extent necessary to comply with the applicable federal upper payment limit; and

(2) any assessment rate imposed under this Article shall be reduced such that the aggregate assessment is reduced by the same percentage reduction applied in paragraph (1); and

(3) any transfers from the Hospital Provider Fund under Section 5A-8 shall be reduced by the same percentage reduction applied in paragraph (1).

(b) Any payment reductions made under the authority granted in this Section are exempt from the requirements and actions under Section 5A-10.

Section 5-65. The Cigarette Fire Safety Standard Act is amended by adding Section 65 as follows:
(425 ILCS 8/65 new)

Sec. 65. Cigarette Machine Operators. Cigarettes made or fabricated by cigarette machine operators possessing valid licenses under Section 20 of the Cigarette Machine Operators' Occupation Tax Act are exempt from the provisions of this Act.

ARTICLE 99. APPLICABILITY, SEVERABILITY, AND EFFECTIVE DATE

Section 90. Applicability. The changes made by this amendatory Act of the 97th General Assembly to the Property Tax Code, the Illinois Income Tax Act, the Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act shall apply to: (1) all decisions by the Department on or after the effective date of this amendatory Act of the 97th General Assembly regarding entitlement or continued entitlement by hospitals, hospital owners, hospital affiliates, or hospital systems to charitable property tax exemptions; (2) all applications for property tax exemption filed by hospitals, hospital owners, hospital affiliates, or hospital systems on or after the effective date of this amendatory Act of the 97th General Assembly; (3) all applications for property tax exemption filed by hospitals, hospital owners, hospital affiliates, or hospital systems that have either not been decided by the Department before the effective date of this amendatory Act of the 97th General Assembly, or for which any such Department decisions are not final and non-appealable as of that date; (4) all decisions by the Department, on or after the effective date of this amendatory Act of the 97th General Assembly, regarding entitlement by hospitals, hospital owners or hospital affiliates to an exemption or renewal of exemption from the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act; (5) all applications for exemption or renewal of exemption from the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act filed by hospitals, hospital owners or hospital affiliates on or after the effective date of this amendatory Act of the 97th General Assembly; and (6) all applications for exemption or renewal of exemption from the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act filed by hospitals, hospital owners, or hospital affiliates that have either not been decided by the Department before the effective date of this amendatory Act of the 97th General Assembly or for which any such Department decisions are not final and non-appealable as of that date.

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

Section 97. Severability. The provisions of this Act are severable under Section 1.31 of the Statute on Statutes.

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

Under the rules, the foregoing **Senate Bill No. 2194**, with House Amendments numbered 2 and 3, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 2934

A bill for AN ACT concerning State government.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 2 to SENATE BILL NO. 2934

Passed the House, as amended, May 25, 2012.

[May 28, 2012]

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 2 TO SENATE BILL 2934

AMENDMENT NO. 2. Amend Senate Bill 2934 as follows:

on page 1, by replacing line 6 with the following:

"and adding Sections 6.2 and 19.5.1 as follows."; and

on page 30, immediately below line 17, by inserting the following:

"(20 ILCS 3960/19.5.1 new)

Sec. 19.5.1. Applicability of changes made by this amendatory Act of the 97th General Assembly. The changes to this Act made by this amendatory Act of the 97th General Assembly apply only to applications or modifications to permit applications filed on or after the effective date of this amendatory Act of the 97th General Assembly."

Under the rules, the foregoing **Senate Bill No. 2934**, with House Amendment No. 2, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3261

A bill for AN ACT concerning health facilities.

Together with the following amendments which are attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3261

House Amendment No. 2 to SENATE BILL NO. 3261

Passed the House, as amended, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3261

AMENDMENT NO. 1. Amend Senate Bill 3261 on page 34, after line 13, by inserting the following:

"(c-5) After the effective date of this amendatory Act of the 97th General Assembly and until the end of the transition period described in subdivision (d)(1) of this Section, persons licensed as a First Responder are deemed to be licensed as an Emergency Medical Responder, persons licensed as an Emergency Medical Technician-Basic or "EMT-B" are deemed to be licensed as an Emergency Medical Technician or "EMT", and persons licensed as an Emergency Medical Technician-Paramedic or "EMT-P" are deemed to be licensed as a Paramedic.; and

on page 34, line 23, after the period, by inserting the following: "Within 270 days after the effective date of this amendatory Act of the 97th General Assembly, the Department shall establish by administrative rule a transition period of 24 months for EMS Systems within each EMS Region to educate all actively licensed and certified EMS personnel to transition to the requirements as established by the National Emergency Medical Services Education Standards. All new EMS coursework applied for after January 1, 2013 must meet the minimum requirements as established by the National Emergency Medical Services Education Standards, except that the EMT-Intermediate to Paramedic bridge course may be applied for utilizing the U.S. Department of Transportation National Standard Curricula through December 1, 2016."

AMENDMENT NO. 2 TO SENATE BILL 3261

AMENDMENT NO. 2. Amend Senate Bill 3261, AS AMENDED, by replacing everything after the enacting clause with the following:

"Section 5. The Fair Patient Billing Act is amended by adding Section 27 as follows:

[May 28, 2012]

(210 ILCS 88/27 new)

Sec. 27. Application Procedures for Financial Assistance.

(a) Applications. The Attorney General shall, by rule, adopt standard provisions to be included in all applications for financial assistance no later than June 30, 2013. On or before January 1, 2013, a statewide association representing a majority of hospitals may submit to the Attorney General recommendations concerning standard provisions to be used in an application for financial assistance, and the Attorney General shall take those recommendations into account when adopting rules under this subsection.

(b) Presumptive Eligibility. The Attorney General shall, by rule, adopt appropriate methodologies for the determination of presumptive eligibility no later than June 30, 2013. On or before January 1, 2013, a statewide association representing a majority of hospitals may submit to the Attorney General recommendations concerning those methodologies, and the Attorney General shall take those recommendations into account when adopting rules under this subsection.

Section 10. The Hospital Uninsured Patient Discount Act is amended by changing Section 10 as follows:

(210 ILCS 89/10)

Sec. 10. Uninsured patient discounts.

(a) Eligibility.

(1) A hospital, other than a rural hospital or Critical Access Hospital, shall provide a discount from its charges to any uninsured patient who applies for a discount and has family income of not more than 600% of the federal poverty income guidelines for all medically necessary health care services exceeding \$300 in any one inpatient admission or outpatient encounter.

(2) A hospital, other than a rural hospital or Critical Access Hospital, shall provide a charitable discount of 100% of its charges for all medically necessary health care services exceeding \$300 in any one inpatient admission or outpatient encounter to any uninsured patient who applies for a discount and has family income of not more than 200% of the federal poverty income guidelines.

~~(3)~~ (2) A rural hospital or Critical Access Hospital shall provide a discount from its charges to any uninsured patient who applies for a discount and has annual family income of not more than 300% of the federal poverty income guidelines for all medically necessary health care services exceeding \$300 in any one inpatient admission or outpatient encounter.

(4) A rural hospital or Critical Access Hospital shall provide a charitable discount of 100% of its charges for all medically necessary health care services exceeding \$300 in any one inpatient admission or outpatient encounter to any uninsured patient who applies for a discount and has family income of not more than 125% of the federal poverty income guidelines.

(b) Discount. For all health care services exceeding \$300 in any one inpatient admission or outpatient encounter, a hospital shall not collect from an uninsured patient, deemed eligible under subsection (a), more than its charges less the amount of the uninsured discount.

(c) Maximum Collectible Amount.

(1) The maximum amount that may be collected in a 12 month period for health care services provided by the hospital from a patient determined by that hospital to be eligible under subsection (a) is 25% of the patient's family income, and is subject to the patient's continued eligibility under this Act.

(2) The 12 month period to which the maximum amount applies shall begin on the first date, after the effective date of this Act, an uninsured patient receives health care services that are determined to be eligible for the uninsured discount at that hospital.

(3) To be eligible to have this maximum amount applied to subsequent charges, the uninsured patient shall inform the hospital in subsequent inpatient admissions or outpatient encounters that the patient has previously received health care services from that hospital and was determined to be entitled to the uninsured discount.

(4) Hospitals may adopt policies to exclude an uninsured patient from the application of subdivision (c)(1) when the patient owns assets having a value in excess of 600% of the federal poverty level for hospitals in a metropolitan statistical area or owns assets having a value in excess of 300% of the federal poverty level for Critical Access Hospitals or hospitals outside a metropolitan statistical area, not counting the following assets: the uninsured patient's primary residence; personal property exempt from judgment under Section 12-1001 of the Code of Civil Procedure; or any amounts held in a pension or retirement plan, provided, however, that distributions and payments from pension or retirement plans may be included as income for the purposes of this Act.

(d) Each hospital bill, invoice, or other summary of charges to an uninsured patient shall include with

it, or on it, a prominent statement that an uninsured patient who meets certain income requirements may qualify for an uninsured discount and information regarding how an uninsured patient may apply for consideration under the hospital's financial assistance policy.
(Source: P.A. 95-965, eff. 12-22-08.)

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

Under the rules, the foregoing **Senate Bill No. 3261**, with House Amendments numbered 1 and 2, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3576

A bill for AN ACT concerning local government.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3576

Passed the House, as amended, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3576

AMENDMENT NO. 1. Amend Senate Bill 3576 by replacing everything after the enacting clause with the following:

"Section 5. The Illinois Municipal Code is amended by changing Sections 3.1-10-5, 3.1-20-10, and 3.1-20-25 as follows:

(65 ILCS 5/3.1-10-5) (from Ch. 24, par. 3.1-10-5)

Sec. 3.1-10-5. Qualifications; elective office.

(a) A person is not eligible for an elective municipal office unless that person is a qualified elector of the municipality and has resided in the municipality at least one year next preceding the election or appointment, except as provided in ~~subsection (c) of Section 3.1-20-25, subsection (b) of Section 3.1-25-75, Section 5-2-2, or Section 5-2-11.~~

(b) A person is not eligible for an elective municipal office if that person is in arrears in the payment of a tax or other indebtedness due to the municipality or has been convicted in any court located in the United States of any infamous crime, bribery, perjury, or other felony.

(c) A person is not eligible for the office of alderman of a ward unless that person has resided in the ward that the person seeks to represent, and a person is not eligible for the office of trustee of a district unless that person has resided in the municipality, at least one year next preceding the election or appointment, except as provided in ~~subsection (c) of Section 3.1-20-25, subsection (b) of Section 3.1-25-75, Section 5-2-2, or Section 5-2-11.~~

(d) If a person (i) is a resident of a municipality immediately prior to the active duty military service of that person or that person's spouse, (ii) resides anywhere outside of the municipality during that active duty military service, and (iii) immediately upon completion of that active duty military service is again a resident of the municipality, then the time during which the person resides outside the municipality during the active duty military service is deemed to be time during which the person is a resident of the municipality for purposes of determining the residency requirement under subsection (a).

(Source: P.A. 95-61, eff. 8-13-07; 95-646, eff. 1-1-08; 95-876, eff. 8-21-08.)

(65 ILCS 5/3.1-20-10) (from Ch. 24, par. 3.1-20-10)

Sec. 3.1-20-10. Aldermen; number.

(a) Except as otherwise provided in ~~subsections (b) and (c) of this Section, Section 3.1-20-20, or as otherwise provided in the case of aldermen-at-large, the number of aldermen, when not elected by the minority representation plan, shall be determined using the most recent federal decennial census results as follows:~~

(1) in cities not exceeding 3,000 inhabitants, 6 aldermen;

(2) in cities exceeding 3,000 but not exceeding 15,000, 8 aldermen;

(3) in cities exceeding 15,000 but not exceeding 20,000, 10 aldermen;

[May 28, 2012]

- (4) in cities exceeding 20,000 but not exceeding 50,000, 14 aldermen;
 (5) in cities exceeding 50,000 but not exceeding 70,000, 16 aldermen;
 (6) in cities exceeding 70,000 but not exceeding 90,000, 18 aldermen; and
 (7) in cities exceeding ~~from~~ 90,000 but not exceeding ~~to~~ 500,000, 20 aldermen.

~~No redistricting shall be required in order to reduce the number of aldermen in order to comply with this Section.~~

(b) Instead of the number of aldermen set forth in subsection (a), a municipality with 15,000 or more inhabitants may adopt, either by ordinance or by resolution, not more than one year after the municipality's receipt of the new federal decennial census results, the following number of aldermen: in cities exceeding 15,000 but not exceeding 20,000, 8 aldermen; exceeding 20,000 but not exceeding 50,000, 10 aldermen; exceeding 50,000 but not exceeding 70,000, 14 aldermen; exceeding 70,000 but not exceeding 90,000, 16 aldermen; and exceeding 90,000 but not exceeding 500,000, 18 aldermen.

(c) Instead of the number of aldermen set forth in subsection (a), a municipality with 40,000 or more inhabitants may adopt, either by ordinance or by resolution, not more than one year after the municipality's receipt of the new federal decennial census results, the following number of aldermen: in cities exceeding 40,000 but not exceeding 50,000, 16 aldermen.

(d) If, according to the most recent federal decennial census results, the population of a municipality increases or decreases under this Section, then the municipality may adopt an ordinance or resolution to retain the number of aldermen that existed before the most recent federal decennial census results. The ordinance or resolution may not be adopted more than one year after the municipality's receipt of the most recent federal decennial census results.

(Source: P.A. 96-1156, eff. 7-21-10; 97-301, eff. 8-11-11.)

(65 ILCS 5/3.1-20-25) (from Ch. 24, par. 3.1-20-25)

Sec. 3.1-20-25. Redistricting a city.

(a) In the formation of wards, the number of inhabitants of the city immediately preceding the division of the city into wards shall be as nearly equal in population, and the wards shall be of as compact and contiguous territory, as practicable. Wards shall be created in a manner so that, as far as practicable, no precinct shall be divided between 2 or more wards.

(b) Whenever an official decennial census shows that a city contains more or fewer wards than it is entitled to, the city council of the city, by ordinance, shall redistrict the city into as many wards as the city is entitled. This redistricting shall be completed not less than 30 days before the first day set by the general election law for the filing of candidate petitions for the next succeeding election for city officers. At this election there shall be elected the number of aldermen to which the city is entitled, except as provided in subsection (c).

(c) If it appears from any official decennial census that it is necessary to redistrict under subsection (b) or for any other reason a city has the requisite number of inhabitants to authorize it to increase the number of aldermen, the city council shall immediately proceed to redistrict the city and shall hold the next city election in accordance with the new redistricting. At this election the aldermen whose terms of office are not expiring shall be considered aldermen for the new wards respectively in which their residences are situated. At this election, in a municipality that is not a newly incorporated municipality, a candidate for alderman may be elected from any ward that contains a part of the ward in which he or she resided at least one year next preceding the election that follows the redistricting, and, if elected, that person may be reelected from the new ward he or she represents if he or she resides in that ward for at least one year next preceding reelection. If there are 2 or more aldermen with terms of office not expiring and residing in the same ward under the new redistricting, the alderman who holds over for that ward shall be determined by lot in the presence of the city council, in the manner directed by the council, and all other aldermen shall fill their unexpired terms as aldermen-at-large. The aldermen-at-large, if any, shall have the same powers and duties as all other aldermen, but upon the expiration of their terms the offices of aldermen-at-large shall be abolished.

(d) If the redistricting results in one or more wards in which no aldermen reside whose terms of office have not expired, 2 aldermen shall be elected in accordance with Section 3.1-20-35, unless the city elected only one alderman per ward pursuant to a referendum under subsection (a) of Section 3.1-20-20.

(e) A redistricting ordinance that has decreased the number of wards of a city because of a decrease in population of the city shall not be effective if, not less than 60 days before the time fixed for the next succeeding general municipal election, an official census is officially published that shows that the city has regained a population that entitles it to the number of wards that it had just before the passage of the last redistricting ordinance.

(Source: P.A. 95-646, eff. 1-1-08.)

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

Under the rules, the foregoing **Senate Bill No. 3576**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3591

A bill for AN ACT concerning utilities.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3591

Passed the House, as amended, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3591

AMENDMENT NO. 1. Amend Senate Bill 3591 as follows:

on page 3, by replacing lines 2 and 3 with the following:

"Section 99. Effective date. This Act takes effect on January 1, 2013."

Under the rules, the foregoing **Senate Bill No. 3591**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3601

A bill for AN ACT concerning regulation.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3601

Passed the House, as amended, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3601

AMENDMENT NO. 1. Amend Senate Bill 3601, AS AMENDED, by replacing everything after the enacting clause with the following:

"Section 5. The Child Care Act of 1969 is amended by adding Section 7.10 as follows:

(225 ILCS 10/7.10 new)

Sec. 7.10. Progress report.

(a) For the purposes of this Section, "child day care licensing" or "day care licensing" means licensing of day care centers, day care homes, and group day care homes.

(b) No later than September 30, 2013, the Department shall provide the General Assembly with a comprehensive report on its progress in meeting performance measures and goals related to child day care licensing.

(c) The report shall include:

(1) details on the funding for child day care licensing, including:

(A) the total number of full-time employees working on child day care licensing;

(B) the names of all sources of revenue used to support child day care licensing;

(C) the amount of expenditures that is claimed against federal funding sources;

(D) the identity of federal funding sources; and

(E) how funds are appropriated, including appropriations for line staff, support staff, supervisory

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staff, and training and other expenses and the funding history of such licensing since fiscal year 2010;

(2) current staffing qualifications of day care licensing representatives and day care licensing supervisors in comparison with staffing qualifications specified in the job description;

(3) data history for fiscal year 2010 to the current fiscal year on day care licensing representative caseloads and staffing levels in all areas of the State;

(4) per the DCFS Child Day Care Licensing Advisory Council's work plan, quarterly data on the following measures:

(A) the percentage of new applications disposed of within 90 days;

(B) the percentage of licenses renewed on time;

(C) the percentage of day care centers receiving timely annual monitoring visits;

(D) the percentage of day care homes receiving timely annual monitoring visits;

(E) the percentage of group day care homes receiving timely annual monitoring visits;

(F) the percentage of provider requests for supervisory review;

(G) the progress on adopting a key indicator system;

(H) the percentage of complaints disposed of within 30 days;

(I) the average number of days a day care center applicant must wait to attend a licensing orientation;

(J) the number of licensing orientation sessions available per region in the past year; and

(K) the number of Department trainings related to licensing and child development available to providers in the past year; and

(5) efforts to coordinate with the Department of Human Services and the State Board of Education on professional development, credentialing issues, and child developers, including training registry, child developers, and Quality Rating and Improvement Systems (QRIS).

(d) The Department shall work with the Governor's appointed Early Learning Council on issues related to and concerning child day care.

Section 99. Effective date. This Act takes effect July 1, 2012."

Under the rules, the foregoing **Senate Bill No. 3601**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3602

A bill for AN ACT concerning criminal law.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3602

Passed the House, as amended, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3602

AMENDMENT NO. 1. Amend Senate Bill 3602 on page 2, by replacing lines 5 through 7 with the following:

"The Clerk".

Under the rules, the foregoing **Senate Bill No. 3602**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3631

A bill for AN ACT concerning State government.

[May 28, 2012]

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3631
Passed the House, as amended, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3631

AMENDMENT NO. 1. Amend Senate Bill 3631 by replacing everything after the enacting clause with the following:

"Section 5. The Metropolitan Pier and Exposition Authority Act is amended by changing Section 5.6 as follows:

(70 ILCS 210/5.6)

Sec. 5.6. Marketing agreement.

(a) The Authority shall enter into a marketing agreement with a not-for-profit organization headquartered in Chicago and recognized by the Department of Commerce and Economic Opportunity as a certified local tourism and convention bureau entitled to receive State tourism grant funds, provided the bylaws of the organization establish a board of the organization that is comprised of 35 ~~25~~ members serving 3-year staggered terms, including the following:

(1) no less than 8 members appointed by the Mayor of Chicago, to include:

(A) a Chair of the board of the organization appointed by the Mayor of the City of Chicago from among the business and civic leaders of Chicago who are not engaged in the hospitality business or who have not served as a member of the Board or as chief executive officer of the Authority; and

(B) 7 members from among the cultural, economic development, or civic leaders of Chicago;

(2) the chairperson of the interim board or Board of the Authority, or his or her designee;

(3) a representative from the department in the City of Chicago that is responsible for the operation of Chicago-area airports;

(4) a representative from the department in the City of Chicago that is responsible for the regulation of Chicago-area livery vehicles;

(5) at least 1, but no more than:

(A) ~~(3) no more than 5~~ members from the hotel industry;

(B) 5 members representing Chicago arts and cultural institutions or projects;

(C) ~~(4) no more than 2~~ members from the restaurant industry;

(D) ~~(5) no more than 2~~ members employed by or representing an entity responsible for a trade show;

(E) ~~(6) no more than 2~~ members representing unions;

(F) ~~(7) no more than 2~~ members from the attractions industry; and

(6) ~~(8)~~ the Director of the Illinois Department of Commerce and Economic Opportunity, ex officio.

The bylaws of the organization may provide for the appointment of a City of Chicago alderman as an ex officio member, and may provide for other ex officio members who shall serve terms of one year.

Persons with a real or apparent conflict of interest shall not be appointed to the board. Members of the board of the organization shall not serve more than 2 terms. The bylaws shall require the following: (i) that the Chair of the organization name no less than 5 and no more than 9 members to the Executive Committee of the organization, one of whom must be the chairperson of the interim board or Board of the Authority, and (ii) a provision concerning conflict of interest and a requirement that a member abstain from participating in board action if there is a threat to the independence of judgment created by any conflict of interest or if participation is likely to have a negative effect on public confidence in the integrity of the board.

(b) The Authority shall notify the Department of Revenue within 10 days after entering into a contract pursuant to this Section.

(Source: P.A. 96-898, eff. 5-27-10; 96-899, eff. 5-28-10.)

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

[May 28, 2012]

Under the rules, the foregoing **Senate Bill No. 3631**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3638

A bill for AN ACT concerning State government.

Together with the following amendments which are attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3638

House Amendment No. 3 to SENATE BILL NO. 3638

Passed the House, as amended, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3638

AMENDMENT NO. 1. Amend Senate Bill 3638 on page 10, by replacing lines 14 through 16 with the following:

"Section 40. Application; exemptions.

(a) No person may act as a sex offender evaluator, sex offender treatment provider, or associate sex offender provider as defined in this Act for the provision of sex offender evaluations or sex offender treatment pursuant to the Sex Offender Management Board Act, the Sexually Dangerous Persons Act, or the Sexually Violent Persons Commitment Act unless the person is licensed to do so by the Department. Any evaluation or treatment services provided by a licensed health care professional not licensed under this Act shall not be valid under the Sex Offender Management Board Act, the Sexually Dangerous Persons Act, or the Sexually Violent Persons Commitment Act.

(b) Nothing in this Act shall be construed to require any licensed physician, advanced practice nurse, physician assistant, or other health care professional to be licensed under this Act for the provision of services for which the person is otherwise licensed. This Act does not prohibit a person licensed under any other Act in this State from engaging in the practice for which he or she is licensed. This Act only applies to the provision of sex offender evaluations or sex offender treatment provided for the purposes of complying with the Sex Offender Management Board Act, the Sexually Dangerous Persons Act, or the Sexually Violent Persons Commitment Act."; and

on page 39, line 20, by inserting "appointed by the Governor" after "member"; and

on page 39, line 25, by inserting "appointed by the Governor" after "member".

AMENDMENT NO. 3 TO SENATE BILL 3638

AMENDMENT NO. 3. Amend Senate Bill 3638 on page 22, by replacing lines 10 and 11 with the following:

"(a) A person who holds himself or herself out to practice as a".

Under the rules, the foregoing **Senate Bill No. 3638**, with House Amendments numbered 1 and 3, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of bills of the following titles, to-wit:

SENATE BILL NO. 3433

A bill for AN ACT concerning criminal law.

SENATE BILL NO. 3518

A bill for AN ACT concerning local government.

SENATE BILL NO. 3530

A bill for AN ACT concerning transportation.

[May 28, 2012]

SENATE BILL NO. 3533

A bill for AN ACT concerning wildlife.

SENATE BILL NO. 3538

A bill for AN ACT concerning regulation.

SENATE BILL NO. 3549

A bill for AN ACT concerning child support.

Passed the House, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3552

A bill for AN ACT concerning civil law.

Passed the House, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3555

A bill for AN ACT concerning transportation.

Passed the House, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3607

A bill for AN ACT concerning revenue.

Passed the House, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3614

A bill for AN ACT concerning State government.

Passed the House, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3635

A bill for AN ACT concerning education.

Passed the House, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

[May 28, 2012]

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3665

A bill for AN ACT concerning criminal law.

Passed the House, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3672

A bill for AN ACT concerning safety.

Passed the House, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3673

A bill for AN ACT concerning human immunodeficiency virus.

Passed the House, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 180

A bill for AN ACT concerning government.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 180

Passed the House, as amended, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 180

AMENDMENT NO. 1. Amend Senate Bill 180 by replacing everything after the enacting clause with the following:

"Section 5. The State Comptroller Act is amended by changing Sections 10.05 and 10.05d as follows: (15 ILCS 405/10.05) (from Ch. 15, par. 210.05)

Sec. 10.05. Deductions from warrants; statement of reason for deduction. Whenever any person shall be entitled to a warrant or other payment from the treasury or other funds held by the State Treasurer, on any account, against whom there shall be any then due and payable account or claim in favor of the State, the United States upon certification by the Secretary of the Treasury of the United States, or his or her delegate, pursuant to a reciprocal offset agreement under subsection (i-1) of Section 10 of the Illinois State Collection Act of 1986, or a unit of local government, a school district, ~~or~~ a public institution of higher education, as defined in Section 1 of the Board of Higher Education Act, or the clerk of a circuit court, upon certification by that entity, the Comptroller, upon notification thereof, shall ascertain the

[May 28, 2012]

amount due and payable to the State, the United States, the unit of local government, the school district, ~~or~~ the public institution of higher education , or the clerk of the circuit court, as aforesaid, and draw a warrant on the treasury or on other funds held by the State Treasurer, stating the amount for which the party was entitled to a warrant or other payment, the amount deducted therefrom, and on what account, and directing the payment of the balance; which warrant or payment as so drawn shall be entered on the books of the Treasurer, and such balance only shall be paid. The Comptroller may deduct any one or more of the following: (i) the entire amount due and payable to the State or a portion of the amount due and payable to the State in accordance with the request of the notifying agency; (ii) the entire amount due and payable to the United States or a portion of the amount due and payable to the United States in accordance with a reciprocal offset agreement under subsection (i-1) of Section 10 of the Illinois State Collection Act of 1986; or (iii) the entire amount due and payable to the unit of local government, school district, ~~or~~ public institution of higher education , or clerk of the circuit court, or a portion of the amount due and payable to that entity, in accordance with an intergovernmental agreement authorized under this Section and Section 10.05d. No request from a notifying agency, the Secretary of the Treasury of the United States, a unit of local government, a school district, ~~or~~ a public institution of higher education , or the clerk of a circuit court for an amount to be deducted under this Section from a wage or salary payment, or from a contractual payment to an individual for personal services, shall exceed 25% of the net amount of such payment. "Net amount" means that part of the earnings of an individual remaining after deduction of any amounts required by law to be withheld. For purposes of this provision, wage, salary or other payments for personal services shall not include final compensation payments for the value of accrued vacation, overtime or sick leave. Whenever the Comptroller draws a warrant or makes a payment involving a deduction ordered under this Section, the Comptroller shall notify the payee and the State agency that submitted the voucher of the reason for the deduction and he or she shall retain a record of such statement in his or her records. As used in this Section, an "account or claim in favor of the State" includes all amounts owing to "State agencies" as defined in Section 7 of this Act. However, the Comptroller shall not be required to accept accounts or claims owing to funds not held by the State Treasurer, where such accounts or claims do not exceed \$50, nor shall the Comptroller deduct from funds held by the State Treasurer under the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act or for payments to institutions from the Illinois Prepaid Tuition Trust Fund (unless the Trust Fund moneys are used for child support). The Comptroller and the Department of Revenue shall enter into an interagency agreement to establish responsibilities, duties, and procedures relating to deductions from lottery prizes awarded under Section 20.1 of the Illinois Lottery Law. The Comptroller may enter into an intergovernmental agreement with the Department of Revenue and the Secretary of the Treasury of the United States, or his or her delegate, to establish responsibilities, duties, and procedures relating to reciprocal offset of delinquent State and federal obligations pursuant to subsection (i-1) of Section 10 of the Illinois State Collection Act of 1986. The Comptroller may enter into intergovernmental agreements with any unit of local government, school district, ~~or~~ public institution of higher education , or clerk of a circuit court to establish responsibilities, duties, and procedures to provide for the offset, by the Comptroller, of obligations owed to those entities.

For the purposes of this Section, "clerk of a circuit court" means the clerk of a circuit court in any county in the State.

(Source: P.A. 97-269, eff. 12-16-11 (see Section 15 of P.A. 97-632 for the effective date of changes made by P.A. 97-269); 97-632, eff. 12-16-11.)

(15 ILCS 405/10.05d)

Sec. 10.05d. Deductions for delinquent obligations owed to units of local government, school districts, ~~and~~ public institutions of higher education and clerks of the circuit courts. Pursuant to Section 10.05 and this Section, the Comptroller may enter into intergovernmental agreements with a unit of local government, a school district, ~~or~~ a public institution of higher education , or the clerk of a circuit court, in order to provide for (i) the use of the Comptroller's offset system to collect delinquent obligations owed to that entity and (ii) the payment to the Comptroller of a processing charge of up to \$15 per transaction for such offsets. The Comptroller shall deduct, from a warrant or other payment described in Section 10.05, in accordance with the procedures provided therein, its processing charge and the amount certified as necessary to satisfy, in whole or in part, the delinquent obligation owed to the unit of local government, school district, ~~or~~ public institution of higher education , or clerk of the circuit court, as applicable. The Comptroller shall provide the unit of local government, school district, ~~or~~ public institution of higher education , or clerk of the circuit court, as applicable, with the address to which the warrant or other payment was to be mailed and any other information pertaining to each person from whom a deduction is made pursuant to this Section. All deductions ordered under this Section and processing charges imposed under this Section shall be deposited into the Comptroller Debt Recovery

Trust Fund, a special fund that the Comptroller shall use for the collection of deductions and processing charges, as provided by law, and the payment of deductions and administrative expenses, as provided by law.

Upon processing a deduction, the Comptroller shall give written notice to the person subject to the offset. The notice shall inform the person that he or she may make a written protest to the Comptroller within 60 days after the Comptroller has given notice. The protest shall include the reason for contesting the deduction and any other information that will enable the Comptroller to determine the amount due and payable. The intergovernmental agreement entered into under Section 10.05 and this Section shall establish procedures through which the Comptroller shall determine the validity of the protest and shall make a final disposition concerning the deduction. If the person subject to the offset has not made a written protest within 60 days after the Comptroller has given notice or if a final disposition is made concerning the deduction, the Comptroller shall pay the deduction to the unit of local government, school district, ~~or~~ public institution of higher education, or clerk of the circuit court, as applicable, from the Comptroller Debt Recovery Trust Fund.

For the purposes of this Section, "clerk of a circuit court" means a clerk of the circuit court in any county in the State.

(Source: P.A. 97-632, eff. 12-16-11.)

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

Under the rules, the foregoing **Senate Bill No. 180**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3594

A bill for AN ACT concerning civil law.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3594

Passed the House, as amended, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3594

AMENDMENT NO. 1. Amend Senate Bill 3594 on page 1, line 5, after "11a-10", by inserting the following:

"and the heading of Article XXVI, and by adding Section 26-3"; and

on page 6, below line 13, by inserting the following:

"(755 ILCS 5/Art. XXVI heading)

ARTICLE XXVI

APPEALS AND POST-JUDGMENT MOTIONS

(755 ILCS 5/26-3 new)

Sec. 26-3. Effect of post-judgment motions. Unless stayed by the court, an order adjudicating a person disabled and appointing a plenary, limited, or successor guardian pursuant to Section 11a-3, 11a-12, 11a-14, or 11a-15 of this Act shall not be suspended or the enforcement thereof stayed pending the filing and resolution of any post-judgment motion.

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

Under the rules, the foregoing **Senate Bill No. 3594**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

[May 28, 2012]

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3619

A bill for AN ACT concerning revenue.

Together with the following amendments which are attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3619

House Amendment No. 2 to SENATE BILL NO. 3619

Passed the House, as amended, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3619

AMENDMENT NO. 1. Amend Senate Bill 3619 on page 4, line 19, by deleting "(d-5)"; and

by deleting everything from line 26 on page 4 through line 3 on page 6.

AMENDMENT NO. 2 TO SENATE BILL 3619

AMENDMENT NO. 2. Amend Senate Bill 3619, AS AMENDED, on page 9, immediately below line 8, by inserting the following:

"Section 10. The Business Location Efficiency Incentive Act is amended by adding Section 21 as follows:

(35 ILCS 11/21 new)

Sec. 21. Continuation of Act; validation.

(a) The General Assembly finds and declares that:

(1) Public Act 97-636, which takes effect on June 1, 2012, changed the repeal date set for the Business Location Efficiency Incentive Act from December 31, 2011 to December 31, 2016.

(2) The Statute on Statutes sets forth general rules on the repeal of statutes and the construction of multiple amendments, but Section 1 of that Act also states that these rules will not be observed when the result would be "inconsistent with the manifest intent of the General Assembly or repugnant to the context of the statute".

(3) This amendatory Act of the 97th General Assembly manifests the intention of the General Assembly to extend the repeal of the Business Location Efficiency Incentive Act and have the Business Location Efficiency Incentive Act continue in effect until December 31, 2016.

(4) The Business Location Efficiency Incentive Act was originally enacted to protect, promote, and preserve the general welfare. Any construction of this Act that results in the repeal of this Act on December 31, 2011 would be inconsistent with the manifest intent of the General Assembly and repugnant to the context of the Business Location Efficiency Incentive Act.

(b) It is hereby declared to have been the intent of the General Assembly that the Business Location Efficiency Incentive Act not be subject to repeal on December 31, 2011.

(c) The Business Location Efficiency Incentive Act shall be deemed to have been in continuous effect since January 1, 2007 (the effective date of Public Act 94-966), and it shall continue to be in effect henceforward until it is otherwise lawfully repealed. All previously enacted amendments to the Act taking effect on or after December 31, 2011, are hereby validated.

(d) All actions taken in reliance on or pursuant to the Business Location Efficiency Incentive Act by the Department of Revenue, the Department of Commerce and Economic Opportunity, or any other person or entity are hereby validated.

(e) In order to ensure the continuing effectiveness of the Business Location Efficiency Incentive Act, it is set forth in full and re-enacted by this amendatory Act of the 97th General Assembly. This re-enactment is intended as a continuation of the Act. It is not intended to supersede any amendment to the Act that is enacted by the 97th General Assembly.

(f) The Business Location Efficiency Incentive Act applies to all claims, civil actions, and proceedings pending on or filed on or before the effective date of this Act.

Section 15. The Business Location Efficiency Incentive Act is re-enacted as follows:

(35 ILCS 11/Act title)

An Act concerning business incentives.

[May 28, 2012]

(35 ILCS 11/1)

(Section scheduled to be repealed on December 31, 2011)

Sec. 1. Short title. This Act may be cited as the Business Location Efficiency Incentive Act.

(Source: P.A. 94-966, eff. 1-1-07.)

(35 ILCS 11/5)

(Section scheduled to be repealed on December 31, 2011)

Sec. 5. Definitions. In this Act:

"Location efficient" means a project that maximizes the use of existing investments in infrastructure, avoids or minimizes additional government expenditures for new infrastructure, and has nearby housing affordable to the permanent workforce of the project or has accessible and affordable mass transit or its equivalent or some combination of both.

"Location efficiency report" means a report that is prepared by an applicant for increased State economic development assistance under Section 10 and follows this Act and any related Department guidelines, and that describes the existence of (i) affordable workforce housing or (ii) accessible and affordable mass transit or its equivalent.

"Employee housing or transportation remediation plan" means a plan to increase affordable housing or transportation options, or both, for employees earning up to the median annual salary of the workforce at the project. The plan may include, but is not limited to, an employer-financed or assisted housing program that can be supplemented by State or federal grants, shuttle services between the place of employment and existing transit stops or other reasonably accessible places, facilitation of employee carpooling, or similar services.

"Accessible and affordable mass transit" means access to transit stops with regular and frequent service within one mile from the project site and pedestrian access to transit stops.

"Affordable workforce housing" means owner-occupied or rental housing that costs, based on current census data for the municipality where the project is located or any municipality within 3 miles of the municipality where the project is located, no more than 35% of the median salary at the project site, exclusive of the highest 10% of the site's salaries. If the project is located in an unincorporated area, "affordable workforce housing" means no more than 35% of the median salary at the project site, excluding the highest 10% of the site's salaries, based on the median cost of rental or of owner-occupied housing in the county where the unincorporated area is located.

"Department" means the Department of Commerce and Economic Opportunity (DCEO) or its successor agency.

"Applicant" means a company or its representative that negotiates or applies for economic development assistance from DCEO.

"Economic development assistance" means State tax credits and tax exemptions given as an incentive to an eligible company after certification by DCEO under the Economic Development for a Growing Economy Tax Credit Act (EDGE).

"Existence of infrastructure" means the existence within 1,500 feet of the proposed site of roads, sewers, sidewalks, and other utilities and a description of the investments or improvements, if any, that an applicant expects State or local government to make to that infrastructure.

(Source: P.A. 94-966, eff. 1-1-07.)

(35 ILCS 11/10)

(Section scheduled to be repealed on December 31, 2011)

Sec. 10. Economic development assistance awards.

(a) An applicant that also wants to be considered for increased economic development assistance under this Act shall submit a location efficiency report.

(b) DCEO may give an applicant an increased tax credit or extension if the applicant's location efficiency report demonstrates that the applicant is seeking assistance for a project to be located in an area that satisfies this Act's standards for affordable workforce housing or affordable and accessible mass transit. If the Department determines from the location efficiency report that the applicant is seeking assistance in an area that is not location efficient, the Department may award an increase in State economic development assistance if an applicant (i) submits, and the Department accepts, an applicant's employee housing and transportation remediation plan or (ii) creates jobs in a labor surplus area as defined by the Department of Employment Security at the end of each calendar year.

(c) Applicants locating or expanding at location-efficient sites, with approved location efficiency plans, or creating jobs in labor surplus areas may receive (i) up to 10% more than the maximum allowable tax credits for which they are eligible under the Economic Development for a Growing Economy Tax Credit Act (EDGE), but not to equal or exceed 100% of the applicant's tax liability, or (ii) such other adjustment of those tax credits, including but not limited to extensions, as the Department

deems appropriate.

(d) The Department may provide technical assistance to employers requesting assistance in developing an appropriate employee housing or transportation plan.

(Source: P.A. 94-966, eff. 1-1-07.)

(35 ILCS 11/15)

(Section scheduled to be repealed on December 31, 2011)

Sec. 15. Summaries; progress reports.

(a) DCEO shall include summaries of the initial employee housing or transportation plans for each assisted project in the annual compilation and publication of project progress reports required under subsection (d) of Section 20 of the Corporate Accountability for Tax Expenditures Act. Companies that fail to do so or that make inadequate progress shall have their increased tax credit or extension eliminated. Applicants and submitted data are subject to all disclosure, reporting, and recapture provisions set forth in Public Act 93-552.

(b) By June 1, 2008 and by June 1 of each year thereafter through 2011, the Department shall include, when appropriate, data on the outcomes or status of approved employee housing or transportation plans in the project progress reports required under the Corporate Accountability for Tax Expenditure Act.

(Source: P.A. 94-966, eff. 1-1-07.)

(35 ILCS 11/20)

(Section scheduled to be repealed on December 31, 2011)

Sec. 20. Duration of incentives; report to General Assembly.

(a) Any multi-year incentive awarded under this Act shall continue for the time period called for in the agreement with the Department and shall not be altered by the repeal of this Act.

(b) By January 1, 2011, the Department shall submit to the Speaker of the House of Representatives and the President of the Senate, for assignment to the appropriate committees, a report on the incentives awarded under this Act and the Department's activities, findings, and recommendations with respect to this Act and its extension, amendment, or repeal. The report, when acted upon by those committees, shall be distributed to each member of the General Assembly.

(Source: P.A. 94-966, eff. 1-1-07.)

(35 ILCS 11/25)

(Section scheduled to be repealed on December 31, 2011)

Sec. 25. Repeal. This Act is repealed on December 31, 2016.

(Source: P.A. 97-636, eff. 6-1-12.)

(35 ILCS 11/99)

(Section scheduled to be repealed on December 31, 2011)

Sec. 99. Effective date. This Act takes effect January 1, 2007.

(Source: P.A. 94-966, eff. 1-1-07.)".

Under the rules, the foregoing **Senate Bill No. 3619**, with House Amendments numbered 1 and 2, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3685

A bill for AN ACT concerning regulation.

Together with the following amendments which are attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3685

House Amendment No. 2 to SENATE BILL NO. 3685

Passed the House, as amended, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3685

AMENDMENT NO. 1. Amend Senate Bill 3685 on page 5, line 21, by replacing "and Tae Kwon Do" with "Tae Kwon Do, and Kyuki-Do".

AMENDMENT NO. 2 TO SENATE BILL 3685

[May 28, 2012]

AMENDMENT NO. 2. Amend Senate Bill 3685, AS AMENDED, as follows:

on page 3, line 25, by replacing "and Tae Kwon Do" with "~~and~~ Tae Kwon Do and Kyuki-Do".

Under the rules, the foregoing **Senate Bill No. 3685**, with House Amendments numbered 1 and 2, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3718

A bill for AN ACT concerning public aid.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3718

Passed the House, as amended, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3718

AMENDMENT NO. 1. Amend Senate Bill 3718 as follows:

on page 5, by replacing lines 16 through 20 with the following:

"at the level of service submitted by the ground ambulance service provider, may be issued by the Department or its agent unless the Department has submitted the criteria for determining the appropriateness of the transport for first notice publication in the Illinois Register pursuant to Section 5-40 of the Illinois Administrative Procedure Act."

Under the rules, the foregoing **Senate Bill No. 3718**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3726

A bill for AN ACT concerning civil law.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3726

Passed the House, as amended, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3726

AMENDMENT NO. 1. Amend Senate Bill 3726 by replacing everything after the enacting clause with the following:

"Section 5. The Code of Civil Procedure is amended by changing Section 8-701 as follows:

(735 ILCS 5/8-701) (from Ch. 110, par. 8-701)

Sec. 8-701. Broadcast or televised testimony. No witness shall be compelled to testify in any proceeding conducted by a ~~court~~, commission, administrative agency or other tribunal in this State if any portion of his or her testimony is to be broadcast or televised or if motion pictures are to be taken of him or her while he or she is testifying. This Section shall not apply to judicial proceedings.

(Source: P.A. 82-280.)

(735 ILCS 5/2-1008A rep.)

Section 10. The Code of Civil Procedure is amended by repealing Section 2-1008A.

[May 28, 2012]

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

Under the rules, the foregoing **Senate Bill No. 3726**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3746

A bill for AN ACT concerning volunteer emergency responders.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3746

Passed the House, as amended, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3746

AMENDMENT NO. 1. Amend Senate Bill 3746 by replacing everything after the enacting clause with the following:

"Section 5. The State Commemorative Dates Act is amended by adding Section 126 as follows:

(5 ILCS 490/126 new)

Sec. 126. Volunteer Emergency Responder Appreciation Day. The third Thursday in May of each year is designated Volunteer Emergency Responder Appreciation Day in Illinois. Volunteer firefighters, rescue squads, divers, emergency medical technicians, and response teams sacrifice their time and lives for their communities with little or no compensation. Volunteer Emergency Responder Appreciation Day shall be observed throughout the State by the citizens of Illinois with civic remembrances of the sacrifices made on their behalf by the volunteer emergency responders of Illinois, especially the ultimate sacrifice given by those individuals who have lost their lives in the line of duty.

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

Under the rules, the foregoing **Senate Bill No. 3746**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3792

A bill for AN ACT concerning civil law.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3792

Passed the House, as amended, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3792

AMENDMENT NO. 1. Amend Senate Bill 3792 on page 1, line 13, by deleting "owner-occupied".

Under the rules, the foregoing **Senate Bill No. 3792**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

[May 28, 2012]

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3513

A bill for AN ACT concerning regulation.

Passed the House, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3677

A bill for AN ACT concerning human rights.

Passed the House, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of bills of the following titles, to-wit:

SENATE BILL NO. 3689

A bill for AN ACT concerning State government.

SENATE BILL NO. 3690

A bill for AN ACT concerning State government.

SENATE BILL NO. 3693

A bill for AN ACT concerning crime victims compensation.

Passed the House, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3724

A bill for AN ACT concerning State government.

Passed the House, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of bills of the following titles, to-wit:

SENATE BILL NO. 3764

A bill for AN ACT concerning business.

SENATE BILL NO. 3798

A bill for AN ACT to revise the law by combining multiple enactments and making technical corrections.

SENATE BILL NO. 3800

A bill for AN ACT concerning education.

Passed the House, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

[May 28, 2012]

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3823

A bill for AN ACT concerning child visitation, which may be referred to as the Steven Watkins Memorial Act.

Passed the House, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has passed a bill of the following title, in the passage of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE BILL NO. 5192

A bill for AN ACT concerning revenue.

Passed the House, May 26, 2012.

TIMOTHY D. MAPES, Clerk of the House

The foregoing **House Bill No. 5192** was taken up, ordered printed and placed on first reading.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has adopted the following joint resolution, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE JOINT RESOLUTION NO. 89

WHEREAS, Ken and Jackie Pickerill were united in marriage on August 16, 1953, in DeKalb; the couple spent 48 years together until Jackie's passing in 2001; and

WHEREAS, Ken Pickerill built the first baseball field at what is now Traughber Junior High School in 1956; years later, he funded several projects on the grounds of Oswego High School, including one of his proudest accomplishments, "Jackie's Field of Dreams", after his late wife, which is now home to the Oswego Cats and members of the American Amateur Baseball Congress; and

WHEREAS, Ken and Jackie Pickerill were both teachers at Oswego High School before opening the Jacqueline Shop in 1957 in downtown Oswego; Jackie left teaching after 1957 to work full-time in the store; and

WHEREAS, Following his retirement from teaching, Ken Pickerill continued to oversee Oswego athletics as Oswego High School's head baseball, wrestling, and football coach; he coached the Panthers to 3 undefeated seasons in a row between 1958 and 1960; from 1955 to 1969, he served as Oswego High School's Athletic Director; he was inducted into the Oswego High School Wrestling Hall of Fame in 1976 and the Football Hall of Fame in 2000; and

WHEREAS, To honor his years of coaching and support of Oswego athletics, the Oswego High School Football Stadium was named Ken Pickerill Stadium in 2005; and

WHEREAS, Jackie Pickerill founded the well-known ladies fashion apparel store, Jacqueline Shop of Oswego in 1957; she was one of the founders and a past president of the Oswego Business Association; she was also highly regarded in the women's fashion industry and served as a board member of the Apparel Fashion Center in Chicago; and

WHEREAS, Ken and Jackie Pickerill both individually and collectively contributed endless leadership, dedication, and support to the Oswego community and beyond; therefore, be it

[May 28, 2012]

RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-SEVENTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE SENATE CONCURRING HEREIN, that we designate the active bridge spanning the Fox River on Washington Street and Route 34 in Oswego as the Ken and Jackie Pickerill Commemorative Bridge in honor of their work; and be it further

RESOLVED, That the Illinois Department of Transportation is requested to erect at suitable locations, consistent with State and federal regulations, plaques or signs giving notice of the Ken and Jackie Pickerill Commemorative Bridge; and be it further

RESOLVED, That suitable copies of this resolution be presented to the Illinois Secretary of Transportation and the Village of Oswego.

Adopted by the House, May 25, 2012.

TIMOTHY D. MAPES, Clerk of the House

The foregoing message from the House of Representatives reporting House Joint Resolution No. 89 was referred to the Committee on Assignments.

READING BILL FROM THE HOUSE OF REPRESENTATIVES A FIRST TIME

House Bill No. 5192, sponsored by Senator Hutchinson, was taken up, read by title a first time and referred to the Committee on Assignments.

ANNOUNCEMENT ON ATTENDANCE

Senator Schmidt announced for the record that Senator Lauzen was absent due to district business.

MESSAGES FROM THE HOUSE

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 1351

A bill for AN ACT concerning State government.

Together with the following amendments which are attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 1351

House Amendment No. 2 to SENATE BILL NO. 1351

Passed the House, as amended, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 1351

AMENDMENT NO. 1. Amend Senate Bill 1351 by replacing everything after the enacting clause with the following:

"Section 5. The Disabled Persons Rehabilitation Act is amended by changing Section 3 as follows:
(20 ILCS 2405/3) (from Ch. 23, par. 3434)

Sec. 3. Powers and duties. The Department shall have the powers and duties enumerated herein:

(a) To co-operate with the federal government in the administration of the provisions of the federal Rehabilitation Act of 1973, as amended, of the Workforce Investment Act of 1998, and of the federal Social Security Act to the extent and in the manner provided in these Acts.

(b) To prescribe and supervise such courses of vocational training and provide such other services as

[May 28, 2012]

may be necessary for the habilitation and rehabilitation of persons with one or more disabilities, including the administrative activities under subsection (e) of this Section, and to co-operate with State and local school authorities and other recognized agencies engaged in habilitation, rehabilitation and comprehensive rehabilitation services; and to cooperate with the Department of Children and Family Services regarding the care and education of children with one or more disabilities.

(c) (Blank).

(d) To report in writing, to the Governor, annually on or before the first day of December, and at such other times and in such manner and upon such subjects as the Governor may require. The annual report shall contain (1) a statement of the existing condition of comprehensive rehabilitation services, habilitation and rehabilitation in the State; (2) a statement of suggestions and recommendations with reference to the development of comprehensive rehabilitation services, habilitation and rehabilitation in the State; and (3) an itemized statement of the amounts of money received from federal, State and other sources, and of the objects and purposes to which the respective items of these several amounts have been devoted.

(e) (Blank).

(f) To establish a program of services to prevent ~~the unnecessary institutionalization of persons with Alzheimer's disease and related disorders or persons in need of long term care and who meet the criteria for blindness or disability are established as blind or disabled as defined by the Social Security Act, thereby enabling them to remain in their own homes or other living arrangements.~~ Such preventive services may include, but are not limited to, any or all of the following:

- (1) ~~personal assistant services~~ home health services;
- (2) ~~homemaker services~~ home nursing services;
- (3) ~~home-delivered meals~~ homemaker services;
- (4) ~~adult day care services~~ chore and housekeeping services;
- (5) ~~respite care~~ day care services;
- (6) ~~home modification or assistive equipment~~ home delivered meals;
- (7) ~~home health services~~ education in self care;
- (8) ~~electronic home response~~ personal care services;
- (9) ~~brain injury behavioral/cognitive services~~ adult day health services;
- (10) ~~brain injury habilitation~~ habilitation services;
- (11) ~~brain injury pre-vocational services~~ respite care; or
- (12) ~~brain injury supported employment~~ other nonmedical social services that may enable the person to become self supporting.

The Department shall establish eligibility standards for such services taking into consideration the unique economic and social needs of the population for whom they are to be provided. Such eligibility standards may be based on the recipient's ability to pay for services; provided, however, that any portion of a person's income that is equal to or less than the "protected income" level shall not be considered by the Department in determining eligibility. The "protected income" level shall be determined by the Department, shall never be less than the federal poverty standard, and shall be adjusted each year to reflect changes in the Consumer Price Index For All Urban Consumers as determined by the United States Department of Labor. The standards must provide that a person may ~~not~~ have ~~not~~ more than \$10,000 in assets to be eligible for the services, and the Department may increase or decrease the asset limitation by rule. ~~The Department may not decrease the asset level below \$10,000. Additionally, in determining the amount and nature of services for which a person may qualify, consideration shall not be given to the value of cash, property or other assets held in the name of the person's spouse pursuant to a written agreement dividing marital property into equal but separate shares or pursuant to a transfer of the person's interest in a home to his spouse, provided that the spouse's share of the marital property is not made available to the person seeking such services.~~

The services shall be provided, as established by the Department by rule, to eligible persons to prevent unnecessary or premature institutionalization, to the extent that the cost of the services, together with the other personal maintenance expenses of the persons, are reasonably related to the standards established for care in a group facility appropriate to their condition. These non-institutional services, pilot projects or experimental facilities may be provided as part of or in addition to those authorized by federal law or those funded and administered by the Illinois Department on Aging.

Personal assistants shall be paid at a rate negotiated between the State and an exclusive representative of personal assistants under a collective bargaining agreement. In no case shall the Department pay personal assistants an hourly wage that is less than the federal minimum wage. ~~care attendants shall be paid:~~

- (i) A \$5 per hour minimum rate beginning July 1, 1995.

~~(ii) A \$5.30 per hour minimum rate beginning July 1, 1997.~~

~~(iii) A \$5.40 per hour minimum rate beginning July 1, 1998.~~

Solely for the purposes of coverage under the Illinois Public Labor Relations Act (5 ILCS 315/), ~~personal care attendants and~~ personal assistants providing services under the Department's Home Services Program shall be considered to be public employees and the State of Illinois shall be considered to be their employer as of the effective date of this amendatory Act of the 93rd General Assembly, but not before. The State shall engage in collective bargaining with an exclusive representative of ~~personal care attendants and~~ personal assistants working under the Home Services Program concerning their terms and conditions of employment that are within the State's control. Nothing in this paragraph shall be understood to limit the right of the persons receiving services defined in this Section to hire and fire ~~personal care attendants and~~ personal assistants or supervise them within the limitations set by the Home Services Program. The State shall not be considered to be the employer of ~~personal care attendants and~~ personal assistants for any purposes not specifically provided in this amendatory Act of the 93rd General Assembly, including but not limited to, purposes of vicarious liability in tort and purposes of statutory retirement or health insurance benefits. Personal ~~care attendants and personal~~ assistants shall not be covered by the State Employees Group Insurance Act of 1971 (5 ILCS 375/).

The Department shall execute, relative to ~~the~~ nursing home prescreening ~~project~~, as authorized by Section 4.03 of the Illinois Act on the Aging, written inter-agency agreements with the Department on Aging and the ~~Department of Public Aid (now Department of Healthcare and Family Services)~~, to effect the following: ~~(i) intake procedures and common eligibility criteria for those persons who may need long term care are receiving non-institutional services; and (ii) the establishment and development of non-institutional services in areas of the State where they are not currently available or are undeveloped.~~ On and after July 1, 1996, all nursing home prescreenings for individuals 18 through 59 years of age shall be conducted by the Department ~~or a designee of the Department.~~

The Department is authorized to establish a system of recipient cost-sharing for services provided under this Section. The cost-sharing shall be based upon the recipient's ability to pay for services, but in no case shall the recipient's share exceed the actual cost of the services provided. Protected income shall not be considered by the Department in its determination of the recipient's ability to pay a share of the cost of services. The level of cost-sharing shall be adjusted each year to reflect changes in the "protected income" level. The Department shall deduct from the recipient's share of the cost of services any money expended by the recipient for disability-related expenses.

To the extent permitted under the federal Social Security Act, the ~~The~~ Department, or the Department's authorized representative, ~~may shall~~ recover the amount of moneys expended for services provided to or in behalf of a person under this Section by a claim against the person's estate or against the estate of the person's surviving spouse, but no recovery may be had until after the death of the surviving spouse, if any, and then only at such time when there is no surviving child who is under age 21, blind, or permanently and totally disabled. This paragraph, however, shall not bar recovery, at the death of the person, of moneys for services provided to the person or in behalf of the person under this Section to which the person was not entitled; provided that such recovery shall not be enforced against any real estate while it is occupied as a homestead by the surviving spouse or other dependent, if no claims by other creditors have been filed against the estate, or, if such claims have been filed, they remain dormant for failure of prosecution or failure of the claimant to compel administration of the estate for the purpose of payment. This paragraph shall not bar recovery from the estate of a spouse, under Sections 1915 and 1924 of the Social Security Act and Section 5-4 of the Illinois Public Aid Code, who precedes a person receiving services under this Section in death. All moneys for services paid to or in behalf of the person under this Section shall be claimed for recovery from the deceased spouse's estate. "Homestead", as used in this paragraph, means the dwelling house and contiguous real estate occupied by a surviving spouse or relative, as defined by the rules and regulations of the Department of Healthcare and Family Services, regardless of the value of the property.

The Department ~~shall submit~~ and the Department on Aging ~~shall cooperate in the development and submission of~~ an annual report on programs and services provided under this Section. ~~The Such joint~~ report shall be filed with the Governor and the General Assembly on or before March 30 each year.

The requirement for reporting to the General Assembly shall be satisfied by filing copies of the report with the Speaker, the Minority Leader and the Clerk of the House of Representatives and the President, the Minority Leader and the Secretary of the Senate and the Legislative Research Unit, as required by Section 3.1 of the General Assembly Organization Act, and filing additional copies with the State Government Report Distribution Center for the General Assembly as required under paragraph (t) of Section 7 of the State Library Act.

(g) To establish such subdivisions of the Department as shall be desirable and assign to the various

subdivisions the responsibilities and duties placed upon the Department by law.

(h) To cooperate and enter into any necessary agreements with the Department of Employment Security for the provision of job placement and job referral services to clients of the Department, including job service registration of such clients with Illinois Employment Security offices and making job listings maintained by the Department of Employment Security available to such clients.

(i) To possess all powers reasonable and necessary for the exercise and administration of the powers, duties and responsibilities of the Department which are provided for by law.

~~(j) (Blank). To establish a procedure whereby new providers of personal care attendant services shall submit vouchers to the State for payment two times during their first month of employment and one time per month thereafter. In no case shall the Department pay personal care attendants an hourly wage that is less than the federal minimum wage.~~

~~(k) (Blank). To provide adequate notice to providers of chore and housekeeping services informing them that they are entitled to an interest payment on bills which are not promptly paid pursuant to Section 3 of the State Prompt Payment Act.~~

(l) To establish, operate and maintain a Statewide Housing Clearinghouse of information on available, government subsidized housing accessible to disabled persons and available privately owned housing accessible to disabled persons. The information shall include but not be limited to the location, rental requirements, access features and proximity to public transportation of available housing. The Clearinghouse shall consist of at least a computerized database for the storage and retrieval of information and a separate or shared toll free telephone number for use by those seeking information from the Clearinghouse. Department offices and personnel throughout the State shall also assist in the operation of the Statewide Housing Clearinghouse. Cooperation with local, State and federal housing managers shall be sought and extended in order to frequently and promptly update the Clearinghouse's information.

(m) To assure that the names and case records of persons who received or are receiving services from the Department, including persons receiving vocational rehabilitation, home services, or other services, and those attending one of the Department's schools or other supervised facility shall be confidential and not be open to the general public. Those case records and reports or the information contained in those records and reports shall be disclosed by the Director only to proper law enforcement officials, individuals authorized by a court, the General Assembly or any committee or commission of the General Assembly, and other persons and for reasons as the Director designates by rule. Disclosure by the Director may be only in accordance with other applicable law.

(Source: P.A. 94-252, eff. 1-1-06; 95-331, eff. 8-21-07.)

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

AMENDMENT NO. 2 TO SENATE BILL 1351

AMENDMENT NO. 2. Amend Senate Bill 1351, AS AMENDED, with reference to the page and line numbers of House Amendment No. 1 as follows:

on page 3, by replacing lines 4 through 5 with the following:

~~"may include, but are not limited to,~~ any or all of the following:".

Under the rules, the foregoing **Senate Bill No. 1351**, with House Amendments numbered 1 and 2, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 2578

A bill for AN ACT concerning health.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 2578

Passed the House, as amended, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

[May 28, 2012]

AMENDMENT NO. 1 TO SENATE BILL 2578

AMENDMENT NO. 1. Amend Senate Bill 2578 by replacing everything after the enacting clause with the following:

"Section 5. The Civil Administrative Code of Illinois is amended by changing Section 5-235 as follows:

(20 ILCS 5/5-235) (was 20 ILCS 5/7.03)

Sec. 5-235. In the Department of Public Health.

(a) The Director of Public Health shall be either a physician licensed to practice medicine in all of its branches in Illinois or a person who has administrative experience in public health work at the local, state, or national level in accordance with subsection (b).

If the Director is not a physician licensed to practice medicine in all its branches, then a Medical Director ~~The Assistant Director of Public Health~~ shall be appointed who shall be a physician licensed to practice medicine in all its branches a person who has administrative experience in public health work. The Medical Director shall report directly to the Director. If the Director is not a physician, the Medical Director shall have primary responsibility for overseeing the following regulatory and policy areas:

(1) Department responsibilities concerning hospital and health care facility regulation, emergency services, ambulatory surgical treatment centers, health care professional regulation and credentialing, advising the Board of Health, patient safety initiatives, and the State's response to disease prevention and outbreak management and control.

(2) Any other duties assigned by the Director or required by law.

(b) A Director of Public Health who is not a physician licensed to practice medicine in all its branches shall at a minimum have the following education and experience:

(1) 5 years of full-time administrative experience in public health and a master's degree in public health from (i) a college or university accredited by the North Central Association or (ii) any other nationally recognized regional accrediting agency; or

(2) 5 years of full-time administrative experience in public health and a graduate degree in a related field from (i) a college or university accredited by the North Central Association or (ii) any other nationally recognized regional accrediting agency. For the purposes of this item (2), "a graduate degree in a related field" includes, but is not limited to, a master's degree in public administration, nursing, environmental health, community health, or health education.

(c) The Assistant Director of Public Health shall be a person who has administrative experience in public health work.

(Source: P.A. 91-239, eff. 1-1-00.)

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

Under the rules, the foregoing **Senate Bill No. 2578**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 2822

A bill for AN ACT concerning land.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 3 to SENATE BILL NO. 2822

Passed the House, as amended, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 3 TO SENATE BILL 2822

AMENDMENT NO. 3. Amend Senate Bill 2822 on page 9, line 19, by replacing "degrees" with "degree"; and

on page 11, by replacing lines 20 through 24 with the following:

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"900 of this Act, the easement for highway purposes acquired by the People of the State of Illinois is released over and through the following described property in Woodford County, Illinois:"; and

on page 12, line 12, by replacing "degrees" with "degree".

Under the rules, the foregoing **Senate Bill No. 2822**, with House Amendment No. 3, was referred to the Secretary's Desk.

A message from the House by
Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 2837

A bill for AN ACT concerning the Secretary of State.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 2837

Passed the House, as amended, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 2837

AMENDMENT NO. 1. Amend Senate Bill 2837 on page 5, by replacing line 20 with the following:

"(c-3) The General Assembly recognizes the need to identify military veterans living in this State for the purpose of ensuring that they receive all of the services and benefits to which they are legally entitled, including healthcare, education assistance, and job placement. To assist the State in identifying these veterans and delivering these vital services and benefits, the Secretary of State is authorized to issue Illinois Identification Cards and Illinois Disabled Person Identification Cards with the word "veteran" appearing on the face of the cards. This authorization is predicated on the unique status of veterans. The Secretary may not issue any other identification card which identifies an occupation, status, affiliation, hobby, or other unique characteristics of the identification card holder which is unrelated to the purpose of the identification card.

(c-5) Beginning on or before July 1, 2015, the Secretary of State shall designate a space on"; and
on page 7, by replacing line 21 with the following:

"(b) Beginning on or before July 1, 2015, for each original or renewal identification card"; and

on page 8, by inserting below line 3 the following:

"The Illinois Department of Veterans' Affairs shall confirm the status of the applicant as an honorably discharged veteran before the Secretary may issue the identification card."; and

on page 28, by replacing line 9 with the following:

"(e) Beginning on or before July 1, 2015, for each original or renewal driver's license"; and

on page 28, by inserting below line 17 the following:

"The Illinois Department of Veterans' Affairs shall confirm the status of the applicant as an honorably discharged veteran before the Secretary may issue the driver's license."; and

on page 33, by replacing line 19 with the following:

"(e-3) The General Assembly recognizes the need to identify military veterans living in this State for the purpose of ensuring that they receive all of the services and benefits to which they are legally entitled, including healthcare, education assistance, and job placement. To assist the State in identifying these veterans and delivering these vital services and benefits, the Secretary of State is authorized to issue drivers' licenses with the word "veteran" appearing on the face of the licenses. This authorization is predicated on the unique status of veterans. The Secretary may not issue any other driver's license which identifies an occupation, status, affiliation, hobby, or other unique characteristics of the license holder which is unrelated to the purpose of the driver's license.

(e-5) Beginning on or before July 1, 2015, the Secretary of State shall designate a space on".

[May 28, 2012]

Under the rules, the foregoing **Senate Bill No. 2837**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by
Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3171

A bill for AN ACT concerning regulation.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3171

Passed the House, as amended, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3171

AMENDMENT NO. 1. Amend Senate Bill 3171 by replacing everything after the enacting clause with the following:

"Section 5. The Code of Civil Procedure is amended by changing Sections 8-2001 and 8-2001.5 as follows:

(735 ILCS 5/8-2001) (from Ch. 110, par. 8-2001)

Sec. 8-2001. Examination of health care records.

(a) In this Section:

"Health care facility" or "facility" means a public or private hospital, ambulatory surgical treatment center, nursing home, independent practice association, or physician hospital organization, or any other entity where health care services are provided to any person. The term does not include a health care practitioner.

"Health care practitioner" means any health care practitioner, including a physician, dentist, podiatrist, advanced practice nurse, physician assistant, clinical psychologist, or clinical social worker. The term includes a medical office, health care clinic, health department, group practice, and any other organizational structure for a licensed professional to provide health care services. The term does not include a health care facility.

(b) Every private and public health care facility shall, upon the request of any patient who has been treated in such health care facility, or any person, entity, or organization presenting a valid authorization for the release of records signed by the patient or the patient's legally authorized representative, or as authorized by Section 8-2001.5, permit the patient, his or her health care practitioner, authorized attorney, or any person, entity, or organization presenting a valid authorization for the release of records signed by the patient or the patient's legally authorized representative to examine the health care facility patient care records, including but not limited to the history, bedside notes, charts, pictures and plates, kept in connection with the treatment of such patient, and permit copies of such records to be made by him or her or his or her health care practitioner or authorized attorney.

(c) Every health care practitioner shall, upon the request of any patient who has been treated by the health care practitioner, or any person, entity, or organization presenting a valid authorization for the release of records signed by the patient or the patient's legally authorized representative, permit the patient and the patient's health care practitioner or authorized attorney, or any person, entity, or organization presenting a valid authorization for the release of records signed by the patient or the patient's legally authorized representative, to examine and copy the patient's records, including but not limited to those relating to the diagnosis, treatment, prognosis, history, charts, pictures and plates, kept in connection with the treatment of such patient.

(d) A request for copies of the records shall be in writing and shall be delivered to the administrator or manager of such health care facility or to the health care practitioner. The person (including patients, health care practitioners and attorneys) requesting copies of records shall reimburse the facility or the health care practitioner at the time of such copying for all reasonable expenses, including the costs of independent copy service companies, incurred in connection with such copying not to exceed a \$20 handling charge for processing the request and the actual postage or shipping charge, if any, plus: (1) for paper copies 75 cents per page for the first through 25th pages, 50 cents per page for the 26th through

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50th pages, and 25 cents per page for all pages in excess of 50 (except that the charge shall not exceed \$1.25 per page for any copies made from microfiche or microfilm; records retrieved from scanning, digital imaging, electronic information or other digital format do not qualify as microfiche or microfilm retrieval for purposes of calculating charges); and (2) for electronic records, retrieved from a scanning, digital imaging, electronic information or other digital format in a electronic document, a charge of 50% of the per page charge for paper copies under subdivision (d)(1). This per page charge includes the cost of each CD Rom, DVD, or other storage media. Records already maintained in an electronic or digital format shall be provided in an electronic format when so requested. If the records system does not allow for the creation or transmission of an electronic or digital record, then the facility or practitioner shall inform the requester in writing of the reason the records can not be provided electronically. The written explanation may be included with the production of paper copies, if the requester chooses to order paper copies. These rates shall be automatically adjusted as set forth in Section 8-2006. The facility or health care practitioner may, however, charge for the reasonable cost of all duplication of record material or information that cannot routinely be copied or duplicated on a standard commercial photocopy machine such as x-ray films or pictures.

(d-5) The handling fee shall not be collected from the patient or the patient's personal representative who obtains copies of records under Section 8-2001.5.

(e) The requirements of this Section shall be satisfied within 30 days of the receipt of a written request by a patient or by his or her legally authorized representative, health care practitioner, authorized attorney, or any person, entity, or organization presenting a valid authorization for the release of records signed by the patient or the patient's legally authorized representative. If the facility or health care practitioner needs more time to comply with the request, then within 30 days after receiving the request, the facility or health care practitioner must provide the requesting party with a written statement of the reasons for the delay and the date by which the requested information will be provided. In any event, the facility or health care practitioner must provide the requested information no later than 60 days after receiving the request.

(f) A health care facility or health care practitioner must provide the public with at least 30 days prior notice of the closure of the facility or the health care practitioner's practice. The notice must include an explanation of how copies of the facility's records may be accessed by patients. The notice may be given by publication in a newspaper of general circulation in the area in which the health care facility or health care practitioner is located.

(g) Failure to comply with the time limit requirement of this Section shall subject the denying party to expenses and reasonable attorneys' fees incurred in connection with any court ordered enforcement of the provisions of this Section.

(Source: P.A. 97-623, eff. 11-23-11.)

(735 ILCS 5/8-2001.5)

Sec. 8-2001.5. Authorization for release of a deceased patient's records.

(a) In addition to disclosure allowed under Section 8-802, a deceased person's health care records must ~~may~~ be released upon written request of the executor or administrator of the deceased person's estate or to an agent appointed by the deceased under a power of attorney for health care. When no executor, administrator, or agent exists, and the person did not specifically object to disclosure of his or her records in writing, then a deceased person's health care records must ~~may~~ be released upon the written request of a person, who is considered to be a personal representative of the patient for the purpose of the release of a deceased patient's health care records, in one of these categories:

(1) the deceased person's surviving spouse; or

(2) if there is no surviving spouse, any one or more of the following: (i) an adult son or daughter of the deceased, (ii) a parent of the deceased, or (iii) an adult brother or sister of the deceased.

(b) Health care facilities and practitioners are authorized to provide a copy of a deceased patient's records based upon a person's payment of the statutory fee and signed "Authorized Relative Certification", attesting to the fact that the person is authorized to receive such records under this Section.

(c) Any person who, in good faith, relies on a copy of an Authorized Relative Certification shall have the same immunities from criminal and civil liability as those who rely on a power of attorney for health care as provided by Illinois law.

(d) Upon request for records of a deceased patient, the named authorized relative shall provide the facility or practitioner with a certified copy of the death certificate and a certification in substantially the following form:

AUTHORIZED RELATIVE CERTIFICATION

I, (insert name of authorized relative), certify that I am an authorized relative of the deceased (insert name of deceased). (A certified copy of the death certificate must be attached.)

I certify that to the best of my knowledge and belief that no executor or administrator has been appointed for the deceased's estate, that no agent was authorized to act for the deceased under a power of attorney for health care, and the deceased has not specifically objected to disclosure in writing.

I certify that I am the surviving spouse of the deceased; or

I certify that there is no surviving spouse and my relationship to the deceased is (circle one):

- (1) An adult son or daughter of the deceased.
- (2) Either parent of the deceased.
- (3) An adult brother or sister of the deceased.

I certify that I am seeking the records as a personal representative who is acting in a representative capacity and who is authorized to seek these records under Section 8-2001.5 of the Code of Civil Procedure.

This certification is made under penalty of perjury.*

Dated: (insert date)

.....
(Print Authorized Relative's Name)

.....
(Authorized Relative's Signature)

.....
(Authorized Relative's Address)

*(Note: Perjury is defined in Section 32-2 of the Criminal Code of 1961, and is a Class 3 felony.)
(Source: P.A. 97-623, eff. 11-23-11.)

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

Under the rules, the foregoing **Senate Bill No. 3171**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by
Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3241

A bill for AN ACT concerning revenue.

Together with the following amendments which are attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3241

House Amendment No. 2 to SENATE BILL NO. 3241

Passed the House, as amended, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3241

AMENDMENT NO. 1. Amend Senate Bill 3241 by replacing everything after the enacting clause with the following:

"Section 5. The Illinois Income Tax Act is amended by changing Section 217 and by adding Section 217.1 as follows:
(35 ILCS 5/217)

[May 28, 2012]

Sec. 217. Credit for wages paid to qualified veterans.

(a) For each taxable year beginning on or after January 1, 2007 and ending on or before December 30, 2010, each taxpayer is entitled to a credit against the tax imposed by subsections (a) and (b) of Section 201 of this Act in an amount equal to 5%, but in no event to exceed \$600, of the gross wages paid by the taxpayer to a qualified veteran in the course of that veteran's sustained employment during the taxable year. For each taxable year beginning on or after January 1, 2010, each taxpayer is entitled to a credit against the tax imposed by subsections (a) and (b) of Section 201 of this Act in an amount equal to 10%, but in no event to exceed \$1,200, of the gross wages paid by the taxpayer to a qualified veteran in the course of that veteran's sustained employment during the taxable year. For partners, shareholders of Subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this Section to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code.

(b) For purposes of this Section:

"Qualified veteran" means an Illinois resident who: (i) was a member of the Armed Forces of the United States, a member of the Illinois National Guard, or a member of any reserve component of the Armed Forces of the United States; (ii) served on active duty in connection with Operation Desert Storm, Operation Enduring Freedom, or Operation Iraqi Freedom; (iii) has provided, to the taxpayer, documentation showing that he or she was honorably discharged; and (iv) was initially hired by the taxpayer on or after January 1, 2007.

"Sustained employment" means a period of employment that is not less than 185 days during the taxable year.

(c) In no event shall a credit under this Section reduce the taxpayer's liability to less than zero. If the amount of the credit exceeds the tax liability for the year, the excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The tax credit shall be applied to the earliest year for which there is a tax liability. If there are credits for more than one year that are available to offset a liability, the earlier credit shall be applied first.

(d) A taxpayer who claims a credit under this Section for a taxable year with respect to a veteran shall not be allowed a credit under Section 217.1 of this Act with respect to the same veteran for that taxable year.

(Source: P.A. 96-101, eff. 1-1-10.)

(35 ILCS 5/217.1 new)

Sec. 217.1. Credit for wages paid to qualified unemployed veterans.

(a) For each taxable year ending on or after December 31, 2012 and on or before December 31, 2016, each taxpayer is entitled to a credit against the tax imposed by subsections (a) and (b) of Section 201 of this Act in the amount equal to 20%, but in no event to exceed \$5,000, of the gross wages paid by the taxpayer to a qualified veteran in the course of that veteran's sustained employment during each taxable year ending on or after the date of hire by the taxpayer if that veteran was unemployed for an aggregate period of 4 weeks or more during the 6-week period ending on the Saturday immediately preceding the date he or she was hired by the taxpayer. For partners, shareholders of Subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for the purposes of federal and State income taxation, there shall be allowed a credit under this Section to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code.

(b) For the purposes of this Section:

"Qualified veteran" means an Illinois resident who: (i) was a member of the Armed Forces of the United States, a member of the Illinois National Guard, or a member of any reserve component of the Armed Forces of the United States; (ii) served on active duty on or after September 11, 2001; (iii) has provided, to the taxpayer, documentation showing that he or she was honorably discharged; and (iv) was initially hired by the taxpayer on or after June 1, 2012.

"Sustained employment" means (i) a period of employment that is not less than 185 days following the date of hire or (ii) in the case of a veteran who was unemployed for an aggregate period of 6 months or more during the one-year period ending on the date the veteran was hired by the taxpayer, a period of employment that is more than 30 days following the date of hire. The period of sustained employment may be completed after the end of the taxable year in which the veteran is hired.

A veteran is "unemployed" for a week if he or she (i) has received unemployment benefits (as defined in Section 202 of the Unemployment Insurance Act, including but not limited to federally funded unemployment benefits) for the week, or (ii) has not been employed since being honorably discharged.

(c) In no event shall a credit under this Section reduce a taxpayer's liability to less than zero. If the

amount of credit exceeds the tax liability for the year, the excess may be carried forward and applied to the tax liability for the 5 taxable years following the excess credit year. The tax credit shall be applied to the earliest year for which there is a tax liability. If there are credits for more than one year that are available to offset liability, the earlier credit shall be applied first.

(d) A taxpayer who claims a credit under this Section for a taxable year with respect to a veteran shall not be allowed a credit under Section 217 of this Act with respect to the same veteran for that taxable year.

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

(35 ILCS 105/3-5)

(Text of Section before amendment by P.A. 97-636)

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

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

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

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

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

(5) Until July 1, 2003, a passenger car that is a replacement vehicle to the extent that the purchase price of the car is subject to the Replacement Vehicle Tax.

(6) Until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order, certified by the purchaser to be used primarily for graphic arts production, and including machinery and equipment purchased for lease. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

(7) Farm chemicals.

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

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

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

(11) Farm machinery and equipment, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for production agriculture or State or federal agricultural programs, including individual replacement parts for the machinery and equipment,

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

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

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

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

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

(14) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(16) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code. This item (16) is not subject to the provisions of Section 3-90.

(17) Until July 1, 2003, distillation machinery and equipment, sold as a unit or kit, assembled or installed by the retailer, certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of the user, and not subject to sale or resale.

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

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

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

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

prizes. This item (21) is exempt from the provisions of Section 3-90, and the exemption provided for under this item (21) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008.

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

(23) Personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active sales tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or used in any other non-exempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the non-qualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department.

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

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

(26) Beginning July 1, 1999, game or game birds purchased at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-90.

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

(28) Beginning January 1, 2000, personal property, including food, purchased through fundraising events for the benefit of a public or private elementary or secondary school, a group of those schools, or

one or more school districts if the events are sponsored by an entity recognized by the school district that consists primarily of volunteers and includes parents and teachers of the school children. This paragraph does not apply to fundraising events (i) for the benefit of private home instruction or (ii) for which the fundraising entity purchases the personal property sold at the events from another individual or entity that sold the property for the purpose of resale by the fundraising entity and that profits from the sale to the fundraising entity. This paragraph is exempt from the provisions of Section 3-90.

(29) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 3-90.

(30) Beginning January 1, 2001 and through June 30, 2011, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

(31) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-90.

(32) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active sales tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-90.

(33) On and after July 1, 2003 and through June 30, 2004, the use in this State of motor vehicles of the second division with a gross vehicle weight in excess of 8,000 pounds and that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, the term "used for commercial purposes" means the transportation of persons or property

in furtherance of any commercial or industrial enterprise, whether for-hire or not.

(34) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-90.

(35) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(36) Tangible personal property purchased by a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-90.

(Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; revised 9-12-11.)

(Text of Section after amendment by P.A. 97-636)

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

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

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

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

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

(5) Until July 1, 2003, a passenger car that is a replacement vehicle to the extent that the purchase

price of the car is subject to the Replacement Vehicle Tax.

(6) Until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order, certified by the purchaser to be used primarily for graphic arts production, and including machinery and equipment purchased for lease. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

(7) Farm chemicals.

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

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

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

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

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

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

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

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

(14) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(16) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling,

processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code. This item (16) is not subject to the provisions of Section 3-90.

(17) Until July 1, 2003, distillation machinery and equipment, sold as a unit or kit, assembled or installed by the retailer, certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of the user, and not subject to sale or resale.

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

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

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

(21) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (21) is exempt from the provisions of Section 3-90, and the exemption provided for under this item (21) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008.

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

(23) Personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active sales tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or used in any other non-exempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the non-qualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department.

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

(25) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is used in the performance of

infrastructure repairs in this State, including but not limited to municipal roads and streets, access roads, bridges, sidewalks, waste disposal systems, water and sewer line extensions, water distribution and purification facilities, storm water drainage and retention facilities, and sewage treatment facilities, resulting from a State or federally declared disaster in Illinois or bordering Illinois when such repairs are initiated on facilities located in the declared disaster area within 6 months after the disaster.

(26) Beginning July 1, 1999, game or game birds purchased at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-90.

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

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

(29) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 3-90.

(30) Beginning January 1, 2001 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

(31) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-90.

(32) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a

governmental body that has been issued an active sales tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-90.

(33) On and after July 1, 2003 and through June 30, 2004, the use in this State of motor vehicles of the second division with a gross vehicle weight in excess of 8,000 pounds and that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, the term "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise, whether for-hire or not.

(34) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-90.

(35) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(36) Tangible personal property purchased by a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-90.

(Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12.)

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

(35 ILCS 110/3-5)

(Text of Section before amendment by P.A. 97-636)

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

(1) Personal property purchased from a corporation, society, association, foundation, institution, or organization, other than a limited liability company, that is organized and operated as a not-for-profit

[May 28, 2012]

service enterprise for the benefit of persons 65 years of age or older if the personal property was not purchased by the enterprise for the purpose of resale by the enterprise.

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

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

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

(5) Until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order or purchased for lease, certified by the purchaser to be used primarily for graphic arts production. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

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

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

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

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

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

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

(10) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(12) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code. This item (12) is not subject to the provisions of Section 3-75.

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

(14) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (14) is exempt from the provisions of Section 3-75, and the exemption provided for under this item (14) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after the effective date of this amendatory Act of the 95th General Assembly for such taxes paid during the period beginning May 30, 2000 and ending on the effective date of this amendatory Act of the 95th General Assembly.

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

(16) Personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or is used in any other non-exempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the non-qualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department.

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

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

(19) Beginning July 1, 1999, game or game birds purchased at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-75.

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

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

(22) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 3-75.

(23) Beginning August 23, 2001 and through June 30, 2011, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

(24) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-75.

(25) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund

of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-75.

(26) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-75.

(27) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(28) Tangible personal property purchased by a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-75.

(Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; revised 9-12-11.)

(Text of Section after amendment by P.A. 97-636)

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

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

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

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

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

(5) Until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order or purchased for lease, certified by the purchaser to be used primarily for graphic arts production. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

[May 28, 2012]

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

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

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

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

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

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

(10) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(12) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code. This item (12) is not subject to the provisions of Section 3-75.

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

(14) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (14) is exempt from the provisions of Section 3-75, and the exemption provided for under this item (14) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after the effective date of this amendatory Act of the 95th General Assembly for such taxes paid during the period beginning May 30, 2000 and ending on the effective date of this amendatory Act of the 95th General Assembly.

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

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

(16) Personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or is used in any other non-exempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the non-qualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department.

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

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

(19) Beginning July 1, 1999, game or game birds purchased at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-75.

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

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

(22) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and

replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 3-75.

(23) Beginning August 23, 2001 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

(24) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-75.

(25) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-75.

(26) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-75.

(27) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(28) Tangible personal property purchased by a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-75.

(Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12.)

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

(35 ILCS 115/3-5)

(Text of Section before amendment by P.A. 97-636)

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

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

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

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

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

(5) Until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order or purchased for lease, certified by the purchaser to be used primarily for graphic arts production. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

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

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

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

Farm machinery and equipment also includes computers, sensors, software, and related equipment

used primarily in the computer-assisted operation of production agriculture facilities, equipment, and activities such as, but not limited to, the collection, monitoring, and correlation of animal and crop data for the purpose of formulating animal diets and agricultural chemicals. This item (7) is exempt from the provisions of Section 3-55.

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

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

(10) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(12) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code. This item (12) is not subject to the provisions of Section 3-55.

(13) Beginning January 1, 1992 and through June 30, 2011, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks and food that has been prepared for immediate consumption) and prescription and non-prescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

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

(15) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (15) is exempt from the provisions of Section 3-55, and the exemption provided for under this item (15) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 (the effective date of Public Act 95-88) for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008 (the effective date of Public Act 95-88).

(16) 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 the Retailers' Occupation Tax Act.

(17) 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 the Retailers' Occupation Tax Act.

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

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

(20) Beginning July 1, 1999, game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-55.

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

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

(23) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 3-55.

(24) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, 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 the Retailers' Occupation Tax Act. This paragraph is exempt from the provisions of Section 3-55.

(25) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, 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 the Retailers' Occupation Tax Act. This paragraph is exempt from the provisions of Section 3-55.

(26) Beginning on January 1, 2002 and through June 30, 2016, 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 taxpayer in good standing with the Department who is eligible for the exemption under this paragraph (26). The permit issued under this paragraph (26) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(27) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of

a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-55.

(28) Tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-55.

(29) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; revised 9-12-11.)

(Text of Section after amendment by P.A. 97-636)

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

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

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

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

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

(5) Until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order or purchased for lease, certified by the purchaser to be used primarily for graphic arts production. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

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

(7) Farm machinery and equipment, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for production agriculture or State or federal agricultural

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

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

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

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

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

(10) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(12) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code. This item (12) is not subject to the provisions of Section 3-55.

(13) Beginning January 1, 1992 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks and food that has been prepared for immediate consumption) and prescription and non-prescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

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

(15) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (15) is exempt from the provisions of Section 3-55, and the exemption provided for under this item (15) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 (the effective date of Public Act 95-88) for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008 (the effective date of Public Act 95-88).

(16) 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 the Retailers' Occupation Tax Act.

(17) 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 the Retailers' Occupation Tax Act.

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

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

(20) Beginning July 1, 1999, game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-55.

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

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

(23) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 3-55.

(24) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, 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 the Retailers' Occupation Tax Act. This paragraph is exempt from the provisions of Section 3-55.

(25) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, 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 the Retailers' Occupation Tax Act. This

paragraph is exempt from the provisions of Section 3-55.

(26) Beginning on January 1, 2002 and through June 30, 2016, 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 taxpayer in good standing with the Department who is eligible for the exemption under this paragraph (26). The permit issued under this paragraph (26) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(27) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-55.

(28) Tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-55.

(29) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12.)

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

(35 ILCS 120/2-5)

(Text of Section before amendment by P.A. 97-636)

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

(1) Farm chemicals.

(2) Farm machinery and equipment, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for production agriculture or State or federal agricultural programs, including individual replacement parts for the machinery and equipment, including machinery and equipment purchased for lease, and including implements of husbandry defined in Section 1-130 of the Illinois Vehicle Code, farm machinery and agricultural chemical and fertilizer spreaders, and nurse wagons required to be registered under Section 3-809 of the Illinois Vehicle Code, but excluding other motor vehicles required to be registered under the Illinois Vehicle Code. Horticultural polyhouses or hoop houses used for propagating, growing, or overwintering plants shall be considered farm machinery and equipment under this item (2). Agricultural chemical tender tanks and dry boxes shall include units

[May 28, 2012]

sold separately from a motor vehicle required to be licensed and units sold mounted on a motor vehicle required to be licensed, if the selling price of the tender is separately stated.

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

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

(3) Until July 1, 2003, distillation machinery and equipment, sold as a unit or kit, assembled or installed by the retailer, certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of the user, and not subject to sale or resale.

(4) Until July 1, 2003 and beginning again September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order or purchased for lease, certified by the purchaser to be used primarily for graphic arts production. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

(5) A motor vehicle of the first division, a motor vehicle of the second division that is a self contained motor vehicle designed or permanently converted to provide living quarters for recreational, camping, or travel use, with direct walk through access to the living quarters from the driver's seat, or a motor vehicle of the second division that is of the van configuration designed for the transportation of not less than 7 nor more than 16 passengers, as defined in Section 1-146 of the Illinois Vehicle Code, that is used for automobile renting, as defined in the Automobile Renting Occupation and Use Tax Act. This paragraph is exempt from the provisions of Section 2-70.

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

(7) Until July 1, 2003, proceeds of that portion of the selling price of a passenger car the sale of which is subject to the Replacement Vehicle Tax.

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

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

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

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

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

equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(12-5) On and after July 1, 2003 and through June 30, 2004, motor vehicles of the second division with a gross vehicle weight in excess of 8,000 pounds that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise whether for-hire or not.

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

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

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

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

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

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

(19) Until July 1 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(21) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code. This item (21) is not subject to the provisions of Section 2-70.

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

(23) A transaction in which the purchase order is received by a florist who is located outside Illinois,

but who has a florist located in Illinois deliver the property to the purchaser or the purchaser's donee in Illinois.

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

(25) Except as provided in item (25-5) of this Section, a motor vehicle sold in this State to a nonresident even though the motor vehicle is delivered to the nonresident in this State, if the motor vehicle is not to be titled in this State, and if a drive-away permit is issued to the motor vehicle as provided in Section 3-603 of the Illinois Vehicle Code or if the nonresident purchaser has vehicle registration plates to transfer to the motor vehicle upon returning to his or her home state. The issuance of the drive-away permit or having the out-of-state registration plates to be transferred is prima facie evidence that the motor vehicle will not be titled in this State.

(25-5) The exemption under item (25) does not apply if the state in which the motor vehicle will be titled does not allow a reciprocal exemption for a motor vehicle sold and delivered in that state to an Illinois resident but titled in Illinois. The tax collected under this Act on the sale of a motor vehicle in this State to a resident of another state that does not allow a reciprocal exemption shall be imposed at a rate equal to the state's rate of tax on taxable property in the state in which the purchaser is a resident, except that the tax shall not exceed the tax that would otherwise be imposed under this Act. At the time of the sale, the purchaser shall execute a statement, signed under penalty of perjury, of his or her intent to title the vehicle in the state in which the purchaser is a resident within 30 days after the sale and of the fact of the payment to the State of Illinois of tax in an amount equivalent to the state's rate of tax on taxable property in his or her state of residence and shall submit the statement to the appropriate tax collection agency in his or her state of residence. In addition, the retailer must retain a signed copy of the statement in his or her records. Nothing in this item shall be construed to require the removal of the vehicle from this state following the filing of an intent to title the vehicle in the purchaser's state of residence if the purchaser titles the vehicle in his or her state of residence within 30 days after the date of sale. The tax collected under this Act in accordance with this item (25-5) shall be proportionately distributed as if the tax were collected at the 6.25% general rate imposed under this Act.

(25-7) Beginning on July 1, 2007, no tax is imposed under this Act on the sale of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, if all of the following conditions are met:

(1) the aircraft leaves this State within 15 days after the later of either the issuance of the final billing for the sale of the aircraft, or the authorized approval for return to service, completion of the maintenance record entry, and completion of the test flight and ground test for inspection, as required by 14 C.F.R. 91.407;

(2) the aircraft is not based or registered in this State after the sale of the aircraft; and

(3) the seller retains in his or her books and records and provides to the Department a signed and dated certification from the purchaser, on a form prescribed by the Department, certifying that the requirements of this item (25-7) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

For purposes of this item (25-7):

"Based in this State" means hangared, stored, or otherwise used, excluding post-sale customizations as defined in this Section, for 10 or more days in each 12-month period immediately following the date of the sale of the aircraft.

"Registered in this State" means an aircraft registered with the Department of Transportation, Aeronautics Division, or titled or registered with the Federal Aviation Administration to an address located in this State.

This paragraph (25-7) is exempt from the provisions of Section 2-70.

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

(27) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (27) is exempt from the provisions of Section 2-70, and the exemption provided for under this item (27) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 (the effective date of Public Act 95-88) for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008 (the effective date of Public Act 95-

88).

(28) 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.

(29) 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.

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

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

(32) Beginning July 1, 1999, game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 2-70.

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

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

(35) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 2-70.

(35-5) Beginning August 23, 2001 and through June 30, 2011, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

(36) Beginning August 2, 2001, 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 August 2, 2001, 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) Beginning on January 1, 2002 and through June 30, 2016, 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 taxpayer in good standing with the Department who is eligible for the exemption under this paragraph (38). The permit issued under this paragraph (38) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(39) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 2-70.

(40) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(41) Tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 2-70. (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; revised 9-12-11.)

(Text of Section after amendment by P.A. 97-636)

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

- (1) Farm chemicals.
- (2) Farm machinery and equipment, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for production agriculture or State or federal agricultural programs, including individual replacement parts for the machinery and equipment, including machinery and equipment purchased for lease, and including implements of husbandry defined in Section 1-130 of the Illinois Vehicle Code, farm machinery and agricultural chemical and fertilizer spreaders, and nurse

wagons required to be registered under Section 3-809 of the Illinois Vehicle Code, but excluding other motor vehicles required to be registered under the Illinois Vehicle Code. Horticultural polyhouses or hoop houses used for propagating, growing, or overwintering plants shall be considered farm machinery and equipment under this item (2). Agricultural chemical tender tanks and dry boxes shall include units sold separately from a motor vehicle required to be licensed and units sold mounted on a motor vehicle required to be licensed, if the selling price of the tender is separately stated.

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

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

(3) Until July 1, 2003, distillation machinery and equipment, sold as a unit or kit, assembled or installed by the retailer, certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of the user, and not subject to sale or resale.

(4) Until July 1, 2003 and beginning again September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order or purchased for lease, certified by the purchaser to be used primarily for graphic arts production. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

(5) A motor vehicle of the first division, a motor vehicle of the second division that is a self contained motor vehicle designed or permanently converted to provide living quarters for recreational, camping, or travel use, with direct walk through access to the living quarters from the driver's seat, or a motor vehicle of the second division that is of the van configuration designed for the transportation of not less than 7 nor more than 16 passengers, as defined in Section 1-146 of the Illinois Vehicle Code, that is used for automobile renting, as defined in the Automobile Renting Occupation and Use Tax Act. This paragraph is exempt from the provisions of Section 2-70.

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

(7) Until July 1, 2003, proceeds of that portion of the selling price of a passenger car the sale of which is subject to the Replacement Vehicle Tax.

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

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

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

(11) Personal property sold to a governmental body, to a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, or to a not-for-profit corporation, society, association, foundation, institution, or organization that has no compensated officers or employees and that is organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes. On and after July 1, 1987, however, no entity otherwise eligible for this exemption shall make

tax-free purchases unless it has an active identification number issued by the Department.

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

(12-5) On and after July 1, 2003 and through June 30, 2004, motor vehicles of the second division with a gross vehicle weight in excess of 8,000 pounds that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise whether for-hire or not.

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

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

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

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

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

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

(19) Until July 1 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(21) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code. This item (21) is not subject to the provisions of Section 2-70.

(22) Fuel and petroleum products sold to or used by an air carrier, certified by the carrier to be used

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

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

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

(25) Except as provided in item (25-5) of this Section, a motor vehicle sold in this State to a nonresident even though the motor vehicle is delivered to the nonresident in this State, if the motor vehicle is not to be titled in this State, and if a drive-away permit is issued to the motor vehicle as provided in Section 3-603 of the Illinois Vehicle Code or if the nonresident purchaser has vehicle registration plates to transfer to the motor vehicle upon returning to his or her home state. The issuance of the drive-away permit or having the out-of-state registration plates to be transferred is prima facie evidence that the motor vehicle will not be titled in this State.

(25-5) The exemption under item (25) does not apply if the state in which the motor vehicle will be titled does not allow a reciprocal exemption for a motor vehicle sold and delivered in that state to an Illinois resident but titled in Illinois. The tax collected under this Act on the sale of a motor vehicle in this State to a resident of another state that does not allow a reciprocal exemption shall be imposed at a rate equal to the state's rate of tax on taxable property in the state in which the purchaser is a resident, except that the tax shall not exceed the tax that would otherwise be imposed under this Act. At the time of the sale, the purchaser shall execute a statement, signed under penalty of perjury, of his or her intent to title the vehicle in the state in which the purchaser is a resident within 30 days after the sale and of the fact of the payment to the State of Illinois of tax in an amount equivalent to the state's rate of tax on taxable property in his or her state of residence and shall submit the statement to the appropriate tax collection agency in his or her state of residence. In addition, the retailer must retain a signed copy of the statement in his or her records. Nothing in this item shall be construed to require the removal of the vehicle from this state following the filing of an intent to title the vehicle in the purchaser's state of residence if the purchaser titles the vehicle in his or her state of residence within 30 days after the date of sale. The tax collected under this Act in accordance with this item (25-5) shall be proportionately distributed as if the tax were collected at the 6.25% general rate imposed under this Act.

(25-7) Beginning on July 1, 2007, no tax is imposed under this Act on the sale of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, if all of the following conditions are met:

(1) the aircraft leaves this State within 15 days after the later of either the issuance of the final billing for the sale of the aircraft, or the authorized approval for return to service, completion of the maintenance record entry, and completion of the test flight and ground test for inspection, as required by 14 C.F.R. 91.407;

(2) the aircraft is not based or registered in this State after the sale of the aircraft; and

(3) the seller retains in his or her books and records and provides to the Department a signed and dated certification from the purchaser, on a form prescribed by the Department, certifying that the requirements of this item (25-7) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

For purposes of this item (25-7):

"Based in this State" means hangared, stored, or otherwise used, excluding post-sale customizations as defined in this Section, for 10 or more days in each 12-month period immediately following the date of the sale of the aircraft.

"Registered in this State" means an aircraft registered with the Department of Transportation, Aeronautics Division, or titled or registered with the Federal Aviation Administration to an address located in this State.

This paragraph (25-7) is exempt from the provisions of Section 2-70.

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

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

prizes. This item (27) is exempt from the provisions of Section 2-70, and the exemption provided for under this item (27) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 (the effective date of Public Act 95-88) for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008 (the effective date of Public Act 95-88).

(28) 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.

(29) 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.

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

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

(32) Beginning July 1, 1999, game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 2-70.

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

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

(35) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 2-70.

(35-5) Beginning August 23, 2001 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing

Home Care Act, or a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

(36) Beginning August 2, 2001, 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 August 2, 2001, 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) Beginning on January 1, 2002 and through June 30, 2016, 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 taxpayer in good standing with the Department who is eligible for the exemption under this paragraph (38). The permit issued under this paragraph (38) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(39) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 2-70.

(40) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(41) Tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 2-70. (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12.)

Section 30. The Property Tax Code is amended by changing Section 18-178 as follows:

(35 ILCS 200/18-178)

Sec. 18-178. Abatement for the residence of a surviving spouse of a fallen police officer, soldier, or rescue worker.

(a) The governing body of any county or municipality may, by ordinance, order the county clerk to

[May 28, 2012]

abate any percentage of the taxes levied by the county or municipality on each parcel of qualified property within the boundaries of the county or municipality that is owned by the surviving spouse of a fallen police officer, soldier, or rescue worker.

(b) The governing body may provide, by ordinance, for the percentage amount and duration of an abatement under this Section and for any other provision necessary to carry out the provisions of this Section. Upon passing an ordinance under this Section, the county or municipality must deliver a certified copy of the ordinance to the county clerk.

(c) As used in this Section:

"Fallen police officer, soldier, or rescue worker" means an individual who dies:

(1) as a result of or in the course of employment as a police officer; ~~or~~

(2) while in the active service of a fire, rescue, or emergency medical service; or -

(3) while on active duty as a member of the United States Armed Services, including the National Guard, serving in Iraq or Afghanistan.

"Fallen police officer, soldier, or rescue worker", however, does not include any individual whose death was the result of that individual's own willful misconduct or abuse of alcohol or drugs.

"Qualified property" means a parcel of real property that is occupied by not more than 2 families, that is used as the principal residence by a surviving spouse, and that:

(1) was owned by the fallen police officer, soldier, or rescue worker or surviving spouse at the time of the police officer's, soldier's, or rescue worker's death;

(2) was acquired by the surviving spouse within 2 years after the police officer's, soldier's, or rescue worker's death if the surviving spouse was domiciled in the State at the time of that death; or

(3) was acquired more than 2 years after the police officer's, soldier's, or rescue worker's death if surviving spouse qualified for an abatement for a former qualified property located in that municipality.

"Surviving spouse" means a spouse, who has not remarried, of a fallen police officer, soldier, or rescue worker.

(Source: P.A. 95-644, eff. 10-12-07.)

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

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

AMENDMENT NO. 2 TO SENATE BILL 3241

AMENDMENT NO. 2. Amend Senate Bill 3241 by replacing everything after the enacting clause with the following:

"Section 5. The Illinois Income Tax Act is amended by changing Section 217 and by adding Section 217.1 as follows:

(35 ILCS 5/217)

Sec. 217. Credit for wages paid to qualified veterans.

(a) For each taxable year beginning on or after January 1, 2007 and ending on or before December 30, 2010, each taxpayer is entitled to a credit against the tax imposed by subsections (a) and (b) of Section 201 of this Act in an amount equal to 5%, but in no event to exceed \$600, of the gross wages paid by the taxpayer to a qualified veteran in the course of that veteran's sustained employment during the taxable year. For each taxable year beginning on or after January 1, 2010, each taxpayer is entitled to a credit against the tax imposed by subsections (a) and (b) of Section 201 of this Act in an amount equal to 10%, but in no event to exceed \$1,200, of the gross wages paid by the taxpayer to a qualified veteran in the course of that veteran's sustained employment during the taxable year. For partners, shareholders of Subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this Section to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code.

(b) For purposes of this Section:

"Qualified veteran" means an Illinois resident who: (i) was a member of the Armed Forces of the United States, a member of the Illinois National Guard, or a member of any reserve component of the Armed Forces of the United States; (ii) served on active duty in connection with Operation Desert

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Storm, Operation Enduring Freedom, or Operation Iraqi Freedom; (iii) has provided, to the taxpayer, documentation showing that he or she was honorably discharged; and (iv) was initially hired by the taxpayer on or after January 1, 2007.

"Sustained employment" means a period of employment that is not less than 185 days during the taxable year.

(c) In no event shall a credit under this Section reduce the taxpayer's liability to less than zero. If the amount of the credit exceeds the tax liability for the year, the excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The tax credit shall be applied to the earliest year for which there is a tax liability. If there are credits for more than one year that are available to offset a liability, the earlier credit shall be applied first.

(d) A taxpayer who claims a credit under this Section for a taxable year with respect to a veteran shall not be allowed a credit under Section 217.1 of this Act with respect to the same veteran for that taxable year.

(Source: P.A. 96-101, eff. 1-1-10.)

(35 ILCS 5/217.1 new)

Sec. 217.1. Credit for wages paid to qualified unemployed veterans.

(a) For each taxable year ending on or after December 31, 2012 and on or before December 31, 2016, each taxpayer is entitled to a credit against the tax imposed by subsections (a) and (b) of Section 201 of this Act in the amount equal to 20%, but in no event to exceed \$5,000, of the gross wages paid by the taxpayer to a qualified veteran in the course of that veteran's sustained employment during each taxable year ending on or after the date of hire by the taxpayer if that veteran was unemployed for an aggregate period of 4 weeks or more during the 6-week period ending on the Saturday immediately preceding the date he or she was hired by the taxpayer. For partners, shareholders of Subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for the purposes of federal and State income taxation, there shall be allowed a credit under this Section to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code.

(b) For the purposes of this Section:

"Qualified veteran" means an Illinois resident who: (i) was a member of the Armed Forces of the United States, a member of the Illinois National Guard, or a member of any reserve component of the Armed Forces of the United States; (ii) served on active duty on or after September 11, 2001; (iii) has provided, to the taxpayer, documentation showing that he or she was honorably discharged; and (iv) was initially hired by the taxpayer on or after June 1, 2012.

"Sustained employment" means (i) a period of employment that is not less than 185 days following the date of hire or (ii) in the case of a veteran who was unemployed for an aggregate period of 6 months or more during the one-year period ending on the date the veteran was hired by the taxpayer, a period of employment that is more than 30 days following the date of hire. The period of sustained employment may be completed after the end of the taxable year in which the veteran is hired.

A veteran is "unemployed" for a week if he or she (i) has received unemployment benefits (as defined in Section 202 of the Unemployment Insurance Act, including but not limited to federally funded unemployment benefits) for the week, or (ii) has not been employed since being honorably discharged.

(c) In no event shall a credit under this Section reduce a taxpayer's liability to less than zero. If the amount of credit exceeds the tax liability for the year, the excess may be carried forward and applied to the tax liability for the 5 taxable years following the excess credit year. The tax credit shall be applied to the earliest year for which there is a tax liability. If there are credits for more than one year that are available to offset liability, the earlier credit shall be applied first.

(d) A taxpayer who claims a credit under this Section for a taxable year with respect to a veteran shall not be allowed a credit under Section 217 of this Act with respect to the same veteran for that taxable year.

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

(35 ILCS 105/3-5)

(Text of Section before amendment by P.A. 97-636)

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

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

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

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

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

(5) Until July 1, 2003, a passenger car that is a replacement vehicle to the extent that the purchase price of the car is subject to the Replacement Vehicle Tax.

(6) Until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order, certified by the purchaser to be used primarily for graphic arts production, and including machinery and equipment purchased for lease. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

(7) Farm chemicals.

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

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

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

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

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

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

provisions of Section 3-90.

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

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

(14) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(16) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

(17) Until July 1, 2003, distillation machinery and equipment, sold as a unit or kit, assembled or installed by the retailer, certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of the user, and not subject to sale or resale.

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

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

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

(21) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (21) is exempt from the provisions of Section 3-90, and the exemption provided for under this item (21) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008.

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

Department.

(23) Personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active sales tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or used in any other non-exempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the non-qualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department.

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

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

(26) Beginning July 1, 1999, game or game birds purchased at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-90.

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

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

(29) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 3-90.

(30) Beginning January 1, 2001 and through June 30, 2011, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the

Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

(31) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-90.

(32) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active sales tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-90.

(33) On and after July 1, 2003 and through June 30, 2004, the use in this State of motor vehicles of the second division with a gross vehicle weight in excess of 8,000 pounds and that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, the term "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise, whether for-hire or not.

(34) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-90.

(35) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air

carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(36) Tangible personal property purchased by a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-90.

(Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; revised 9-12-11.)

(Text of Section after amendment by P.A. 97-636)

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

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

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

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

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

(5) Until July 1, 2003, a passenger car that is a replacement vehicle to the extent that the purchase price of the car is subject to the Replacement Vehicle Tax.

(6) Until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order, certified by the purchaser to be used primarily for graphic arts production, and including machinery and equipment purchased for lease. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

(7) Farm chemicals.

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

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

(10) A motor vehicle of the first division, a motor vehicle of the second division that is a self-contained motor vehicle designed or permanently converted to provide living quarters for recreational, camping, or travel use, with direct walk through to the living quarters from the driver's seat, or a motor vehicle of the second division that is of the van configuration designed for the transportation of not less than 7 nor more than 16 passengers, as defined in Section 1-146 of the Illinois Vehicle Code, that is used

for automobile renting, as defined in the Automobile Renting Occupation and Use Tax Act.

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

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

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

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

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

(14) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(16) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

(17) Until July 1, 2003, distillation machinery and equipment, sold as a unit or kit, assembled or installed by the retailer, certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of the user, and not subject to sale or resale.

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

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

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

(21) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (21) is exempt from the provisions of Section 3-90, and the exemption provided for under this item (21) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008.

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

(23) Personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active sales tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or used in any other non-exempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the non-qualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department.

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

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

(26) Beginning July 1, 1999, game or game birds purchased at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-90.

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

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

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

(29) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 3-90.

(30) Beginning January 1, 2001 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

(31) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-90.

(32) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active sales tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-90.

(33) On and after July 1, 2003 and through June 30, 2004, the use in this State of motor vehicles of the second division with a gross vehicle weight in excess of 8,000 pounds and that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily

used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, the term "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise, whether for-hire or not.

(34) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-90.

(35) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(36) Tangible personal property purchased by a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-90.

(Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12.)

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

(35 ILCS 110/3-5)

(Text of Section before amendment by P.A. 97-636)

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

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

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

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

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

(5) Until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including

that manufactured on special order or purchased for lease, certified by the purchaser to be used primarily for graphic arts production. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

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

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

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

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

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

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

(10) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(12) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(14) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (14) is exempt from the provisions of Section 3-75, and the exemption provided for under this item (14) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after the effective date of this amendatory Act of the 95th General Assembly for such taxes paid during the period beginning May 30, 2000 and ending on the effective date of this amendatory

Act of the 95th General Assembly.

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

(16) Personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or is used in any other non-exempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the non-qualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department.

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

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

(19) Beginning July 1, 1999, game or game birds purchased at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-75.

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

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

that sold the property for the purpose of resale by the fundraising entity and that profits from the sale to the fundraising entity. This paragraph is exempt from the provisions of Section 3-75.

(22) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 3-75.

(23) Beginning August 23, 2001 and through June 30, 2011, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

(24) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-75.

(25) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-75.

(26) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-75.

(27) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation

Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(28) Tangible personal property purchased by a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-75.

(Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; revised 9-12-11.)

(Text of Section after amendment by P.A. 97-636)

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

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

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

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

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

(5) Until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order or purchased for lease, certified by the purchaser to be used primarily for graphic arts production. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

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

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

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

and other such equipment.

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

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

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

(10) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(12) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(14) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (14) is exempt from the provisions of Section 3-75, and the exemption provided for under this item (14) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after the effective date of this amendatory Act of the 95th General Assembly for such taxes paid during the period beginning May 30, 2000 and ending on the effective date of this amendatory Act of the 95th General Assembly.

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

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

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

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

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

(19) Beginning July 1, 1999, game or game birds purchased at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-75.

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

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

(22) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 3-75.

(23) Beginning August 23, 2001 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

(24) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by

the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-75.

(25) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-75.

(26) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-75.

(27) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(28) Tangible personal property purchased by a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-75.

(Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12.)

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

(35 ILCS 115/3-5)

(Text of Section before amendment by P.A. 97-636)

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

[May 28, 2012]

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

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

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

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

(5) Until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order or purchased for lease, certified by the purchaser to be used primarily for graphic arts production. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

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

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

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

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

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

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

(10) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and

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

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

(12) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

(13) Beginning January 1, 1992 and through June 30, 2011, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks and food that has been prepared for immediate consumption) and prescription and non-prescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

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

(15) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (15) is exempt from the provisions of Section 3-55, and the exemption provided for under this item (15) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 (the effective date of Public Act 95-88) for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008 (the effective date of Public Act 95-88).

(16) 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 the Retailers' Occupation Tax Act.

(17) 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 the Retailers' Occupation Tax Act.

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

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

(20) Beginning July 1, 1999, game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-55.

(21) A motor vehicle, as that term is defined in Section 1-146 of the Illinois Vehicle Code, that is donated to a corporation, limited liability company, society, association, foundation, or institution that is determined by the Department to be organized and operated exclusively for educational purposes. For purposes of this exemption, "a corporation, limited liability company, society, association, foundation, or institution organized and operated exclusively for educational purposes" means all tax-supported public schools, private schools that offer systematic instruction in useful branches of learning by methods common to public schools and that compare favorably in their scope and intensity with the course of study presented in tax-supported schools, and vocational or technical schools or institutes organized and

operated exclusively to provide a course of study of not less than 6 weeks duration and designed to prepare individuals to follow a trade or to pursue a manual, technical, mechanical, industrial, business, or commercial occupation.

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

(23) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 3-55.

(24) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, 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 the Retailers' Occupation Tax Act. This paragraph is exempt from the provisions of Section 3-55.

(25) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, 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 the Retailers' Occupation Tax Act. This paragraph is exempt from the provisions of Section 3-55.

(26) Beginning on January 1, 2002 and through June 30, 2016, 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 taxpayer in good standing with the Department who is eligible for the exemption under this paragraph (26). The permit issued under this paragraph (26) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(27) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-55.

(28) Tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-55.

(29) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power

plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; revised 9-12-11.)

(Text of Section after amendment by P.A. 97-636)

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

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

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

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

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

(5) Until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order or purchased for lease, certified by the purchaser to be used primarily for graphic arts production. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

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

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

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

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

for the purpose of formulating animal diets and agricultural chemicals. This item (7) is exempt from the provisions of Section 3-55.

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

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

(10) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(12) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

(13) Beginning January 1, 1992 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks and food that has been prepared for immediate consumption) and prescription and non-prescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

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

(15) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (15) is exempt from the provisions of Section 3-55, and the exemption provided for under this item (15) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 (the effective date of Public Act 95-88) for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008 (the effective date of Public Act 95-88).

(16) 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 the Retailers' Occupation Tax Act.

(17) 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 the Retailers' Occupation Tax Act.

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

(19) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is used in the performance of

infrastructure repairs in this State, including but not limited to municipal roads and streets, access roads, bridges, sidewalks, waste disposal systems, water and sewer line extensions, water distribution and purification facilities, storm water drainage and retention facilities, and sewage treatment facilities, resulting from a State or federally declared disaster in Illinois or bordering Illinois when such repairs are initiated on facilities located in the declared disaster area within 6 months after the disaster.

(20) Beginning July 1, 1999, game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-55.

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

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

(23) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 3-55.

(24) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, 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 the Retailers' Occupation Tax Act. This paragraph is exempt from the provisions of Section 3-55.

(25) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, 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 the Retailers' Occupation Tax Act. This paragraph is exempt from the provisions of Section 3-55.

(26) Beginning on January 1, 2002 and through June 30, 2016, 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 taxpayer in good standing with the Department who is eligible for the exemption under this paragraph (26). The permit issued under this paragraph (26) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(27) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of

the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-55.

(28) Tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-55.

(29) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12.)

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

(35 ILCS 120/2-5)

(Text of Section before amendment by P.A. 97-636)

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

(1) Farm chemicals.

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

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

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

(3) Until July 1, 2003, distillation machinery and equipment, sold as a unit or kit, assembled or installed by the retailer, certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of the user, and not subject to sale or resale.

(4) Until July 1, 2003 and beginning again September 1, 2004 through August 30, 2014, graphic arts

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

(5) A motor vehicle of the first division, a motor vehicle of the second division that is a self contained motor vehicle designed or permanently converted to provide living quarters for recreational, camping, or travel use, with direct walk through access to the living quarters from the driver's seat, or a motor vehicle of the second division that is of the van configuration designed for the transportation of not less than 7 nor more than 16 passengers, as defined in Section 1-146 of the Illinois Vehicle Code, that is used for automobile renting, as defined in the Automobile Renting Occupation and Use Tax Act. This paragraph is exempt from the provisions of Section 2-70.

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

(7) Until July 1, 2003, proceeds of that portion of the selling price of a passenger car the sale of which is subject to the Replacement Vehicle Tax.

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

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

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

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

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

(12-5) On and after July 1, 2003 and through June 30, 2004, motor vehicles of the second division with a gross vehicle weight in excess of 8,000 pounds that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise whether for-hire or not.

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

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

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

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

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

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

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

(19) Until July 1 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(21) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

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

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

(25) Except as provided in item (25-5) of this Section, a motor vehicle sold in this State to a nonresident even though the motor vehicle is delivered to the nonresident in this State, if the motor vehicle is not to be titled in this State, and if a drive-away permit is issued to the motor vehicle as provided in Section 3-603 of the Illinois Vehicle Code or if the nonresident purchaser has vehicle registration plates to transfer to the motor vehicle upon returning to his or her home state. The issuance of the drive-away permit or having the out-of-state registration plates to be transferred is prima facie evidence that the motor vehicle will not be titled in this State.

(25-5) The exemption under item (25) does not apply if the state in which the motor vehicle will be titled does not allow a reciprocal exemption for a motor vehicle sold and delivered in that state to an Illinois resident but titled in Illinois. The tax collected under this Act on the sale of a motor vehicle in this State to a resident of another state that does not allow a reciprocal exemption shall be imposed at a

rate equal to the state's rate of tax on taxable property in the state in which the purchaser is a resident, except that the tax shall not exceed the tax that would otherwise be imposed under this Act. At the time of the sale, the purchaser shall execute a statement, signed under penalty of perjury, of his or her intent to title the vehicle in the state in which the purchaser is a resident within 30 days after the sale and of the fact of the payment to the State of Illinois of tax in an amount equivalent to the state's rate of tax on taxable property in his or her state of residence and shall submit the statement to the appropriate tax collection agency in his or her state of residence. In addition, the retailer must retain a signed copy of the statement in his or her records. Nothing in this item shall be construed to require the removal of the vehicle from this state following the filing of an intent to title the vehicle in the purchaser's state of residence if the purchaser titles the vehicle in his or her state of residence within 30 days after the date of sale. The tax collected under this Act in accordance with this item (25-5) shall be proportionately distributed as if the tax were collected at the 6.25% general rate imposed under this Act.

(25-7) Beginning on July 1, 2007, no tax is imposed under this Act on the sale of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, if all of the following conditions are met:

(1) the aircraft leaves this State within 15 days after the later of either the issuance of the final billing for the sale of the aircraft, or the authorized approval for return to service, completion of the maintenance record entry, and completion of the test flight and ground test for inspection, as required by 14 C.F.R. 91.407;

(2) the aircraft is not based or registered in this State after the sale of the aircraft; and

(3) the seller retains in his or her books and records and provides to the Department a signed and dated certification from the purchaser, on a form prescribed by the Department, certifying that the requirements of this item (25-7) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

For purposes of this item (25-7):

"Based in this State" means hangared, stored, or otherwise used, excluding post-sale customizations as defined in this Section, for 10 or more days in each 12-month period immediately following the date of the sale of the aircraft.

"Registered in this State" means an aircraft registered with the Department of Transportation, Aeronautics Division, or titled or registered with the Federal Aviation Administration to an address located in this State.

This paragraph (25-7) is exempt from the provisions of Section 2-70.

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

(27) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (27) is exempt from the provisions of Section 2-70, and the exemption provided for under this item (27) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 (the effective date of Public Act 95-88) for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008 (the effective date of Public Act 95-88).

(28) 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.

(29) 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.

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

(31) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is used in the performance of

infrastructure repairs in this State, including but not limited to municipal roads and streets, access roads, bridges, sidewalks, waste disposal systems, water and sewer line extensions, water distribution and purification facilities, storm water drainage and retention facilities, and sewage treatment facilities, resulting from a State or federally declared disaster in Illinois or bordering Illinois when such repairs are initiated on facilities located in the declared disaster area within 6 months after the disaster.

(32) Beginning July 1, 1999, game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 2-70.

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

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

(35) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 2-70.

(35-5) Beginning August 23, 2001 and through June 30, 2011, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

(36) Beginning August 2, 2001, 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 August 2, 2001, 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) Beginning on January 1, 2002 and through June 30, 2016, 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 taxpayer in good standing with the Department who is eligible for the exemption under this paragraph (38). The permit issued under this paragraph (38) shall authorize the holder, to the extent and in the manner specified in the rules adopted

under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(39) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 2-70.

(40) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(41) Tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 2-70. (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; revised 9-12-11.)

(Text of Section after amendment by P.A. 97-636)

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

(1) Farm chemicals.

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

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

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

(3) Until July 1, 2003, distillation machinery and equipment, sold as a unit or kit, assembled or

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

(4) Until July 1, 2003 and beginning again September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order or purchased for lease, certified by the purchaser to be used primarily for graphic arts production. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product.

(5) A motor vehicle of the first division, a motor vehicle of the second division that is a self contained motor vehicle designed or permanently converted to provide living quarters for recreational, camping, or travel use, with direct walk through access to the living quarters from the driver's seat, or a motor vehicle of the second division that is of the van configuration designed for the transportation of not less than 7 nor more than 16 passengers, as defined in Section 1-146 of the Illinois Vehicle Code, that is used for automobile renting, as defined in the Automobile Renting Occupation and Use Tax Act. This paragraph is exempt from the provisions of Section 2-70.

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

(7) Until July 1, 2003, proceeds of that portion of the selling price of a passenger car the sale of which is subject to the Replacement Vehicle Tax.

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

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

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

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

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

(12-5) On and after July 1, 2003 and through June 30, 2004, motor vehicles of the second division with a gross vehicle weight in excess of 8,000 pounds that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial

or industrial enterprise whether for-hire or not.

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

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

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

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

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

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

(19) Until July 1 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

(21) Until July 1, 2003, and beginning again on the effective date of this amendatory Act of the 97th General Assembly and thereafter, coal and aggregate exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

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

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

(25) Except as provided in item (25-5) of this Section, a motor vehicle sold in this State to a nonresident even though the motor vehicle is delivered to the nonresident in this State, if the motor vehicle is not to be titled in this State, and if a drive-away permit is issued to the motor vehicle as provided in Section 3-603 of the Illinois Vehicle Code or if the nonresident purchaser has vehicle registration plates to transfer to the motor vehicle upon returning to his or her home state. The issuance of the drive-away permit or having the out-of-state registration plates to be transferred is prima facie evidence that the motor vehicle will not be titled in this State.

(25-5) The exemption under item (25) does not apply if the state in which the motor vehicle will be titled does not allow a reciprocal exemption for a motor vehicle sold and delivered in that state to an Illinois resident but titled in Illinois. The tax collected under this Act on the sale of a motor vehicle in this State to a resident of another state that does not allow a reciprocal exemption shall be imposed at a rate equal to the state's rate of tax on taxable property in the state in which the purchaser is a resident, except that the tax shall not exceed the tax that would otherwise be imposed under this Act. At the time of the sale, the purchaser shall execute a statement, signed under penalty of perjury, of his or her intent to title the vehicle in the state in which the purchaser is a resident within 30 days after the sale and of the fact of the payment to the State of Illinois of tax in an amount equivalent to the state's rate of tax on taxable property in his or her state of residence and shall submit the statement to the appropriate tax collection agency in his or her state of residence. In addition, the retailer must retain a signed copy of the statement in his or her records. Nothing in this item shall be construed to require the removal of the vehicle from this state following the filing of an intent to title the vehicle in the purchaser's state of residence if the purchaser titles the vehicle in his or her state of residence within 30 days after the date of sale. The tax collected under this Act in accordance with this item (25-5) shall be proportionately distributed as if the tax were collected at the 6.25% general rate imposed under this Act.

(25-7) Beginning on July 1, 2007, no tax is imposed under this Act on the sale of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, if all of the following conditions are met:

(1) the aircraft leaves this State within 15 days after the later of either the issuance of the final billing for the sale of the aircraft, or the authorized approval for return to service, completion of the maintenance record entry, and completion of the test flight and ground test for inspection, as required by 14 C.F.R. 91.407;

(2) the aircraft is not based or registered in this State after the sale of the aircraft; and

(3) the seller retains in his or her books and records and provides to the Department a signed and dated certification from the purchaser, on a form prescribed by the Department, certifying that the requirements of this item (25-7) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

For purposes of this item (25-7):

"Based in this State" means hangared, stored, or otherwise used, excluding post-sale customizations as defined in this Section, for 10 or more days in each 12-month period immediately following the date of the sale of the aircraft.

"Registered in this State" means an aircraft registered with the Department of Transportation, Aeronautics Division, or titled or registered with the Federal Aviation Administration to an address located in this State.

This paragraph (25-7) is exempt from the provisions of Section 2-70.

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

(27) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (27) is exempt from the provisions of Section 2-70, and the exemption provided for under this item (27) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 (the effective date of Public Act 95-88) for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008 (the effective date of Public Act 95-88).

(28) 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.

(29) 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.

(30) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is donated for disaster relief to be used in a State or federally declared disaster area in Illinois or bordering Illinois by a manufacturer or retailer that is registered in this State to a corporation, society, association, foundation, or institution that

has been issued a sales tax exemption identification number by the Department that assists victims of the disaster who reside within the declared disaster area.

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

(32) Beginning July 1, 1999, game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 2-70.

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

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

(35) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 2-70.

(35-5) Beginning August 23, 2001 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or a licensed facility as defined in the ID/DD Community Care Act or the Specialized Mental Health Rehabilitation Act.

(36) Beginning August 2, 2001, 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 August 2, 2001, 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) Beginning on January 1, 2002 and through June 30, 2016, 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 taxpayer in good standing with the Department who is eligible for the exemption under this paragraph (38). The permit issued under this paragraph (38) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(39) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 2-70.

(40) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to those organizations that (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.

(41) Tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 2-70. (Source: P.A. 96-116, eff. 7-31-09; 96-339, eff. 7-1-10; 96-532, eff. 8-14-09; 96-759, eff. 1-1-10; 96-1000, eff. 7-2-10; 97-38, eff. 6-28-11; 97-73, eff. 6-30-11; 97-227, eff. 1-1-12; 97-431, eff. 8-16-11; 97-636, eff. 6-1-12.)

Section 30. The Property Tax Code is amended by changing Section 18-178 as follows:

(35 ILCS 200/18-178)

Sec. 18-178. Abatement for the residence of a surviving spouse of a fallen police officer, soldier, or rescue worker.

(a) The governing body of any county or municipality may, by ordinance, order the county clerk to abate any percentage of the taxes levied by the county or municipality on each parcel of qualified property within the boundaries of the county or municipality that is owned by the surviving spouse of a fallen police officer, soldier, or rescue worker.

(b) The governing body may provide, by ordinance, for the percentage amount and duration of an abatement under this Section and for any other provision necessary to carry out the provisions of this Section. Upon passing an ordinance under this Section, the county or municipality must deliver a certified copy of the ordinance to the county clerk.

(c) As used in this Section:

"Fallen police officer, soldier, or rescue worker" means an individual who dies:

(1) as a result of or in the course of employment as a police officer; ~~or~~

(2) while in the active service of a fire, rescue, or emergency medical service; ~~or~~ -

(3) while on active duty as a member of the United States Armed Services, including the National Guard, serving in Iraq or Afghanistan.

"Fallen police officer, soldier, or rescue worker", however, does not include any individual whose death was the result of that individual's own willful misconduct or abuse of alcohol or drugs.

"Qualified property" means a parcel of real property that is occupied by not more than 2 families, that is used as the principal residence by a surviving spouse, and that:

(1) was owned by the fallen police officer, soldier, or rescue worker or surviving spouse at the time of the police officer's, soldier's, or rescue worker's death;

(2) was acquired by the surviving spouse within 2 years after the police officer's, soldier's, or rescue worker's death if the surviving spouse was domiciled in the State at the time of that death; or

(3) was acquired more than 2 years after the police officer's, soldier's, or rescue worker's death if surviving spouse qualified for an abatement for a former qualified property located in that municipality.

"Surviving spouse" means a spouse, who has not remarried, of a fallen police officer, soldier, or rescue worker.

(Source: P.A. 95-644, eff. 10-12-07.)

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

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

Under the rules, the foregoing **Senate Bill No. 3241**, with House Amendments numbered 1 and 2, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3320

A bill for AN ACT concerning revenue.

Together with the following amendments which are attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3320

House Amendment No. 2 to SENATE BILL NO. 3320

Passed the House, as amended, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3320

AMENDMENT NO. 1. Amend Senate Bill 3320 by replacing everything after the enacting clause with the following:

"Section 5. The Department of Human Services Act is amended by changing Section 1-50 as follows:
(20 ILCS 1305/1-50)

Sec. 1-50. Department of Human Services Community Services Fund.

(a) The Department of Human Services Community Services Fund is created in the State treasury as a special fund.

(b) The Fund is created for the purpose of receiving and disbursing moneys in accordance with this Section. Disbursements from the Fund shall be made, subject to appropriation, for payment of expenses incurred by the Department of Human Services in support of the Department's rebalancing services or for any Department of Human Services Ambassador pilot program authorized by the General Assembly on or after the effective date of this amendatory Act of the 97th General Assembly.

(c) The Fund shall consist of the following:

(1) Moneys transferred from another State fund.

(2) All federal moneys received as a result of expenditures that are attributable to moneys deposited in the Fund.

(2-5) Moneys received from a tax checkoff under the Illinois Income Tax Act.

(3) All other moneys received for the Fund from any other source.

(4) Interest earned upon moneys in the Fund.

(Source: P.A. 96-1530, eff. 2-16-11.)

Section 10. The Illinois Lottery Law is amended by changing Section 21.8 as follows:

[May 28, 2012]

(20 ILCS 1605/21.8)

Sec. 21.8. Quality of Life scratch-off game.

(a) The Department shall offer a special instant scratch-off game with the title of "Quality of Life". The game shall commence on July 1, 2007 or as soon thereafter, in the discretion of the Superintendent, as is reasonably practical, and shall be discontinued on December 31, ~~2012~~ 2017. The operation of the game is governed by this Act and by any rules adopted by the Department. The Department must consult with the Quality of Life Board, which is established under Section 2310-348 of the Department of Public Health Powers and Duties Law of the Civil Administrative Code of Illinois, regarding the design and promotion of the game. If any provision of this Section is inconsistent with any other provision of this Act, then this Section governs.

(b) The Quality of Life Endowment Fund is created as a special fund in the State treasury. The net revenue from the Quality of Life special instant scratch-off game must be deposited into the Fund for appropriation by the General Assembly solely to the Department of Public Health for the purpose of HIV/AIDS-prevention education and for making grants to public or private entities in Illinois for the purpose of funding organizations that serve the highest at-risk categories for contracting HIV or developing AIDS. Grants shall be targeted to serve at-risk populations in proportion to the distribution of recent reported Illinois HIV/AIDS cases among risk groups as reported by the Illinois Department of Public Health. The recipient organizations must be engaged in HIV/AIDS-prevention education and HIV/AIDS healthcare treatment. The Department must, before grants are awarded, provide copies of all grant applications to the Quality of Life Board, receive and review the Board's recommendations and comments, and consult with the Board regarding the grants. Organizational size will determine an organization's competitive slot in the "Request for Proposal" process. Organizations with an annual budget of \$300,000 or less will compete with like size organizations for 50% of the Quality of Life annual fund. Organizations with an annual budget of \$300,001 to \$700,000 will compete with like organizations for 25% of the Quality of Life annual fund, and organizations with an annual budget of \$700,001 and upward will compete with like organizations for 25% of the Quality of Life annual fund. The lottery may designate a percentage of proceeds for marketing purpose. The grant funds may not be used for institutional, organizational, or community-based overhead costs, indirect costs, or levies.

Grants awarded from the Fund are intended to augment the current and future State funding for the prevention and treatment of HIV/AIDS and are not intended to replace that funding.

Moneys received for the purposes of this Section, including, without limitation, net revenue from the special instant scratch-off game and gifts, grants, and awards from any public or private entity, must be deposited into the Fund. Any interest earned on moneys in the Fund must be deposited into the Fund.

For purposes of this subsection, "net revenue" means the total amount for which tickets have been sold less the sum of the amount paid out in prizes and the actual administrative expenses of the Department solely related to the Quality of Life game.

(c) During the time that tickets are sold for the Quality of Life game, the Department shall not unreasonably diminish the efforts devoted to marketing any other instant scratch-off lottery game.

(d) The Department may adopt any rules necessary to implement and administer the provisions of this Section in consultation with the Quality of Life Board.

(Source: P.A. 97-464, eff. 10-15-11.)

Section 15. The Department of Public Health Powers and Duties Law of the Civil Administrative Code of Illinois is amended by changing Section 2310-348 as follows:

(20 ILCS 2310/2310-348)

Sec. 2310-348. The Quality of Life Board.

(a) The Quality of Life Board is created as an advisory board within the Department. The Board shall consist of 11 members as follows: 2 members appointed by the President of the Senate; one member appointed by the Minority Leader of the Senate; 2 members appointed by the Speaker of the House of Representatives; one member appointed by the Minority Leader of the House of Representatives; 2 members appointed by the Governor, one of whom shall be designated as chair of the Board at the time of appointment; and 3 members appointed by the Director who represent organizations that advocate for the healthcare needs of the first and second highest HIV/AIDS risk groups, one each from the northern Illinois region, the central Illinois region, and the southern Illinois region.

The Board members shall serve one 2-year term. If a vacancy occurs in the Board membership, the vacancy shall be filled in the same manner as the initial appointment.

(b) Board members shall serve without compensation but may be reimbursed for their reasonable travel expenses from funds appropriated for that purpose. The Department shall provide staff and administrative support services to the Board.

(c) The Board must:

(i) consult with the Department of the Lottery in designing and promoting the Quality of Life special instant scratch-off lottery game; and

(ii) review grant applications, make recommendations and comments, and consult with the Department of Public Health in making grants, from amounts appropriated from the Quality of Life Endowment Fund, to public or private entities in Illinois for the purpose of HIV/AIDS-prevention education and for making grants to public or private entities in Illinois for the purpose of funding organizations that serve the highest at-risk categories for contracting HIV or developing AIDS in accordance with Section 21.7 of the Illinois Lottery Law.

(d) The Board is discontinued on June 30, ~~2018~~ 2013.

(Source: P.A. 97-464, eff. 10-15-11.)

Section 20. The State Finance Act is amended by adding Sections 5.811, 5.812, 5.813, 6z-93, 6z-94, and 6z-95 as follows:

(30 ILCS 105/5.811 new)

Sec. 5.811. The Childhood Cancer Research Fund.

(30 ILCS 105/5.812 new)

Sec. 5.812. The Children's Wellness Charities Fund.

(30 ILCS 105/5.813 new)

Sec. 5.813. The Housing for Families Fund.

(30 ILCS 105/6z-93 new)

Sec. 6z-93. Childhood Cancer Research Fund; creation. The Childhood Cancer Research Fund is created as a special fund in the State treasury. Moneys in the fund shall be used by the Department of Public Health to make grants to public or private not-for-profit entities for the purpose of conducting childhood cancer research. For the purposes of this Section, "research" includes, but is not limited to, expenditures to develop and advance the understanding, techniques, and modalities effective in early detection, prevention, cure, screening, and treatment of childhood cancer and may include clinical trials. The grant funds may not be used for institutional overhead costs, indirect costs, other organizational levies, or costs of community-based support services.

(30 ILCS 105/6z-94 new)

Sec. 6z-94. The Children's Wellness Charities Fund; creation. The Children's Wellness Charities Fund is created as a special fund in the State treasury. Moneys in the Fund shall be used by the Department of Human Services to make grants to public or private not-for-profit entities for the purpose of administering grants to children's health and well-being charities located in Illinois. For the purposes of this Section, "children's health and well-being charities" include, but are not limited to, charities that provide mobile care centers, free or low-cost lodging, or other services to assist children who are being treated for illnesses and their families. For the purposes of this Section, "mobile care center" means any vehicle built specifically for delivering pediatric health care services.

(30 ILCS 105/6z-95 new)

Sec. 6z-95. The Housing for Families Fund; creation. The Housing for Families Fund is created as a special fund in the State treasury. Moneys in the Fund shall be used by the Department of Human Services to make grants to public or private not-for-profit entities for the purpose of building new housing for low income, working poor, disabled, low credit, and no credit families. For the purposes of this section "low income", "working poor", "disabled", "low credit", and "no credit families" shall be defined by the Department of Human Services by rule.

Section 25. The Illinois Income Tax Act is amended by changing Sections 509 and 509.1 and by adding Sections 507AAA, 507BBB, 507CCC, and 507DDD as follows:

(35 ILCS 5/507AAA new)

Sec. 507AAA. The Childhood Cancer Research Fund checkoff. For taxable years ending on or after December 31, 2012, the Department shall print, on its standard individual income tax form, a provision indicating that, if the taxpayer wishes to contribute to the Childhood Cancer Research Fund, as authorized by this amendatory Act of the 97th General Assembly, then he or she may do so by stating the amount of the contribution (not less than \$1) on the return and indicating that the contribution will reduce the taxpayer's refund or increase the amount of payment to accompany the return. The taxpayer's failure to remit any amount of the increased payment reduces the contribution accordingly. This Section does not apply to any amended return.

(35 ILCS 5/507BBB new)

Sec. 507BBB. The Children's Wellness Charities Fund checkoff. For taxable years ending on or after

[May 28, 2012]

December 31, 2012, the Department shall print, on its standard individual income tax form, a provision indicating that, if the taxpayer wishes to contribute to the Children's Wellness Charities Fund, as authorized by this amendatory Act of the 97th General Assembly, then he or she may do so by stating the amount of the contribution (not less than \$1) on the return and indicating that the contribution will reduce the taxpayer's refund or increase the amount of payment to accompany the return. The taxpayer's failure to remit any amount of the increased payment reduces the contribution accordingly. This Section does not apply to any amended return.

(35 ILCS 5/507CCC new)

Sec. 507CCC. The Housing for Families Fund checkoff. For taxable years ending on or after December 31, 2012, the Department shall print, on its standard individual income tax form, a provision indicating that, if the taxpayer wishes to contribute to the Housing for Families Fund, as authorized by this amendatory Act of the 97th General Assembly, then he or she may do so by stating the amount of the contribution (not less than \$1) on the return and indicating that the contribution will reduce the taxpayer's refund or increase the amount of payment to accompany the return. The taxpayer's failure to remit any amount of the increased payment reduces the contribution accordingly. This Section does not apply to any amended return.

(35 ILCS 5/507DDD new)

Sec. 507DDD. The Department of Human Services Ambassador Program checkoff. For any taxable year ending on or after December 31, 2012 in which the General Assembly has authorized a Department of Human Services Ambassador pilot program, the Department shall print, on its standard individual income tax form, a provision indicating that, if the taxpayer wishes to contribute to the Department of Human Services Community Services Fund, as authorized by this amendatory Act of the 97th General Assembly, for the purpose of paying costs associated with a Department of Human Services Ambassador pilot program, then he or she may do so by stating the amount of the contribution (not less than \$1) on the return and indicating that the contribution will reduce the taxpayer's refund or increase the amount of payment to accompany the return. The taxpayer's failure to remit any amount of the increased payment reduces the contribution accordingly. This Section does not apply to any amended return.

Moneys deposited into the Department of Human Services Community Services Fund as a result of this tax checkoff may be used only for costs associated with the Department of Human Services Ambassador pilot program.

(35 ILCS 5/509) (from Ch. 120, par. 5-509)

Sec. 509. Tax checkoff explanations.

(a) All individual income tax return forms shall contain appropriate explanations and spaces to enable the taxpayers to designate contributions to the funds to which contributions may be made under this Article 5.

(b) Each form shall contain a statement that the contributions will reduce the taxpayer's refund or increase the amount of payment to accompany the return. Failure to remit any amount of increased payment shall reduce the contribution accordingly.

(c) If, on October 1 of any year, the total contributions to any one of the funds made under this Article 5 do not equal \$100,000 or more, the explanations and spaces for designating contributions to the fund shall be removed from the individual income tax return forms for the following and all subsequent years and all subsequent contributions to the fund shall be refunded to the taxpayer. This contribution requirement does not apply to the Diabetes Research Checkoff Fund checkoff contained in Section 507GG of this Act.

(d) Notwithstanding any other provision of law, the Department shall include the Hunger Relief Fund checkoff established under Section 507SS on the individual income tax form for the taxable year beginning on January 1, 2012. If, on October 1, 2013, or on October 1 of any subsequent year, the total contributions to the Hunger Relief Fund checkoff do not equal \$100,000 or more, the explanations and spaces for designating contributions to the fund shall be removed from the individual income tax return forms for the following and all subsequent years and all subsequent contributions to the fund shall be refunded to the taxpayer.

(Source: P.A. 95-331, eff. 8-21-07; 95-434, eff. 8-27-07; 95-435, eff. 8-27-07; 95-940, eff. 8-29-08; 96-328, eff. 8-11-09.)

(35 ILCS 5/509.1)

Sec. 509.1. Removal of excess tax-checkoff funds. Notwithstanding any provisions of this Act to the contrary, beginning on the effective date of this amendatory Act of the 95th General Assembly, there may not be more than 15 tax-checkoff funds contained on the individual tax return form at any one time. Each year, the Department shall determine whether the sum of (i) the number of new tax-checkoff funds created by the General Assembly during that year plus (ii) the number of tax-checkoff funds that

collected at least \$100,000 during the previous year exceeds 15. If so, then the Department shall remove a number of tax-checkoff funds that were on the return during the previous year that is equal to the sum of items (i) and (ii) minus 15, starting with the tax-checkoff fund that received the least amount of contributions and working upward until a sufficient number of funds have been removed. The Hunger Relief Fund checkoff established under Section 507SS shall be included among the 15 tax-checkoff funds as provided in subsection (d) of Section 509 of this Act.

For taxable years ending on or after December 31, 2012, the Diabetes Research Checkoff Fund checkoff contained in Section 507GG of this Act shall be included on the individual tax return form notwithstanding the provisions of this Section. The Diabetes Research Checkoff Fund checkoff shall not be included when calculating the 15 tax-checkoff fund limitation set forth in this Section.

(Source: P.A. 95-435, eff. 8-27-07.)

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

AMENDMENT NO. 2 TO SENATE BILL 3320

AMENDMENT NO. 2. Amend Senate Bill 3320, AS AMENDED, by removing Section 5 from the bill; and

in Section 25, in the Section heading, by replacing "507BBB, 507CCCC, and 507DDD" with "507BBB, and 507CCC"; and

in Section 25, by deleting Sec. 507DDD.

Under the rules, the foregoing **Senate Bill No. 3320**, with House Amendments numbered 1 and 2, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3497

A bill for AN ACT concerning the lottery.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3497

Passed the House, as amended, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3497

AMENDMENT NO. 1. Amend Senate Bill 3497, on page 1, line 5, by replacing "Sections 7.12 and 7.15" with "Section 7.12"; and

on page 2, line 7, by deleting "including emergency rules"; and

by deleting line 13 on page 7 through line 9 on page 8.

Under the rules, the foregoing **Senate Bill No. 3497**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3572

A bill for AN ACT concerning civil law.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 3 to SENATE BILL NO. 3572

[May 28, 2012]

Passed the House, as amended, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 3 TO SENATE BILL 3572

AMENDMENT NO. 3. Amend Senate Bill 3572 on page 1, line 6, by deleting "1-70,"; and

on page 4, line 21, after "instruments.", by inserting "The terms "member" and "unit owner" may be used interchangeably as defined by the community instruments, except in situations in which a matter of legal title to the unit is involved or at issue, in which case the term "unit owner" would be the applicable term used."; and

on page 8, by replacing lines 19 and 20 with the following:

"(a) Elections shall be held in accordance with the community instruments, provided that an election shall be held no less frequently than once every 24 months, for ~~There shall be an annual~~"; and

on page 11, line 10, after "ballot", by inserting "and provided further that proxies shall not be allowed"; and

on page 13, line 2, by replacing "~~unit owners~~" with "or unit owners"; and

on page 13, lines 6 and 7, by replacing "~~unit owners~~" with "or unit owner's"; and

on page 13, line 9, by replacing "~~unit owner's~~" with "or unit owner's"; and

on page 13, line 14, by replacing "~~unit owner's~~" with "or unit owner's"; and

on page 13, lines 20 and 21, by replacing "~~unit owner~~" with "or unit owner"; and

on page 15, line 3, by replacing "~~unit owner~~" with "or unit owner"; and

on page 15, line 24, by replacing "~~unit owners~~" with "or unit owners"; and

on page 16, line 11, by replacing "~~member unit owner~~" with "unit owner"; and

on page 16, line 18, by replacing "~~member~~" with "unit owner"; and

on page 16, line 23, by replacing "~~unit owner~~" with "or unit owner"; and

on page 17, line 18, by replacing "~~unit owners~~" with "or unit owners"; and

on page 19, line 24, by replacing "~~unit owner's~~" with "or unit owner's"; and

on page 22, line 5, by replacing "~~assets~~" with "facilities"; and

on page 22, line 6, by replacing "~~safety, or welfare~~" with "or safety"; and

on page 25, line 15, by replacing "~~unit owners~~" with "or unit owners"; and

on page 29 by deleting lines 9 through 25; and

by deleting all of page 30 of the bill.

Under the rules, the foregoing **Senate Bill No. 3572**, with House Amendment No. 3, was referred to the Secretary's Desk.

A message from the House by
Mr. Mapes, Clerk:

[May 28, 2012]

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3629

A bill for AN ACT concerning public employee benefits.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 2 to SENATE BILL NO. 3629

Passed the House, as amended, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 2 TO SENATE BILL 3629

AMENDMENT NO. 2. Amend Senate Bill 3629 on page 1, in line 5, after "12-116," by inserting "12-127, 12-133, 12-149," and

on page 1, below line 13, by inserting the following:

"(40 ILCS 5/12-127) (from Ch. 108 1/2, par. 12-127)

Sec. 12-127. Computation of service.

(a) If an employee during any leave of absence for 30 days or more without pay who is not receiving ordinary disability or duty disability benefits contributes the percentage of salary theretofore deducted from his salary for annuity purposes, the employer shall contribute corresponding amounts for such purposes. Payment for any approved leave of absence shall not be valid unless made during such absence or within 30 days from expiration thereof. The aggregate of leaves of absence for which contributions may be made during the entire employee's service shall be 1 year.

(b) In computing service, credit shall be given for all leaves of absence subject to the limitations specified in the following paragraph during the time an employee was engaged in the military or naval service of the United States of America during the years 1914 to 1919, inclusive, or between September 16, 1940, and July 25, 1947, or between June 25, 1950, and January 31, 1955, and any such service rendered after January 31, 1955, and who within 180 days subsequent to the completion of military or naval service re-enters the service of the employer.

The total credit any employee shall receive for military or naval service during the entire term of service as an employee shall be subject to the following conditions and limitations:

(1) if entry into military or naval service occurs after July 1, 1961, the total credit shall not exceed 3 years;

(2) if entry into military or naval service occurred on or prior to July 1, 1961, the total credit shall not exceed 5 years;

(3) an employee who on July 1, 1961, had accrued more than 5 years of such military or naval service shall be entitled to the total amount of such accrued credit.

The contributions an employee would have made during the period of such military or naval service, together with the prescribed employer contributions, shall be made by the employer and shall be based on the salary for the position occupied by the employee on the date of commencement of the leave of absence.

(c) For all purposes of this Article except the provisions of Section 12-133, the following shall constitute a year of service in any fiscal year for salary payable according to the basis specified: Monthly Basis: 4 months; Weekly Basis: 17 weeks; Daily Basis: 100 days; Hourly Basis: 800 hours, except that in the case of an employee becoming a participant of the fund on and after July 1, 1973, the following schedule shall govern for all purposes of this Article: Service during 9 months or more in any fiscal year shall constitute a year of service; 6 to 8 months, inclusive, 3/4 of a year; 3 to 5 months, inclusive, 1/2 year; less than 3 months, 1/4 of a year; 15 days or more in any month, a month of service. However, for the 6-month fiscal year July 1, 2012 through December 31, 2012, the amount of service earned shall not exceed 1/2 year.

(d) The periods an employee received ordinary or duty disability benefit shall be included in the computation of service.

(e) Upon receipt of the specified payment, credits transferred to a fund established under this Article pursuant to subsection (d) of Section 8-226.1, subsection (d) of Section 9-121.1, or Section 14-105.1 of this Code shall be included in the computation of service.

(f) A contributing employee may establish additional service credit for a period of up to 2 years spent in active military service for which he or she does not qualify for credit under subsection (b), provided that (1) the person was not dishonorably discharged from the military service, and (2) the amount of

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service credit established by the person under this subsection (f), when added to the amount of any military service credit granted to the person under subsection (b), shall not exceed 5 years. In order to establish military service credit under this subsection (f), the applicant must submit a written application to the Fund, including a copy of the applicant's discharge from military service, and pay to the Fund (1) employee contributions at the rates provided in this Article based upon the person's salary on the last date as a participating employee prior to the military service, or on the first date as a participating employee after the military service, whichever is greater, plus (2) an amount determined by the board to be equal to the employer's normal cost of the benefits accrued for such military service, plus (3) regular interest on items (1) and (2) from the date of conclusion of the military service to the date of payment. Contributions must be paid in a single lump sum before the credit will be granted. Credit established under this subsection may be used for pension purposes only.

(g) A contributing employee may establish additional service credit for a period of up to 5 years of employment by the United States federal government for which he or she does not qualify for credit under any other provision of this Article, provided that (1) the amount of service credit established by the person under this subsection (g), when added to the amount of all military service credit granted to the person under subsections (b) and (f), shall not exceed 5 years, and (2) any credit received for the federal employment in any other public pension fund or retirement system has been terminated or relinquished.

In order to establish service credit under this subsection (g), the applicant must submit a written application to the Fund, including such documentation of the federal employment as the Board may require, and pay to the Fund (1) employee contributions at the rates provided in this Article based upon the person's salary on the last date as a participating employee prior to the federal service, or on the first date as a participating employee after the federal service, whichever is greater, plus (2) an amount determined by the Board to be equal to the employer's normal cost of the benefits accrued for such federal service, plus (3) regular interest on items (1) and (2) from the date of conclusion of the federal service to the date of payment. Contributions must be paid in a single lump sum before the credit is granted. Credit established under this subsection may be used for pension purposes only.

(Source: P.A. 86-272; 86-1488; 87-1265.)

(40 ILCS 5/12-133) (from Ch. 108 1/2, par. 12-133)

Sec. 12-133. Fixed benefit retirement annuity.

(a) Subject to the provisions of paragraph (b) of this Section, the retirement annuity for any employee who withdraws from service on or after January 1, 1983 and before January 1, 1990, at age 60 or over, having at least 4 years of service, shall be 1.70% for each of the first 10 years of service; 2.00% for each of the next 10 years of service; 2.40% for each year of service in excess of 20 but not exceeding 30; and 2.80% for each year of service in excess of 30, with a pro-rated amount for service of less than a full year, based upon the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal, provided that: (1) if retirement of the employee occurs below age 60, such annuity shall be reduced 1/2 of 1% for each month or fraction thereof that the employee's age is less than 60, except that an employee retiring at age 55 or over but less than age 60, having at least 35 years of service, shall not be subject to the reduction in his retirement annuity because of retirement below age 60; (2) the annuity shall not exceed 75% of such average annual salary; (3) the actual salary shall be considered in the computation of this annuity.

The retirement annuity for any employee who withdraws from service on or after January 1, 1990 and prior to December 31, 2003 at age 50 or over with at least 10 years of service, or at age 60 or over with at least 4 years of service, shall be 1.90% for each of the first 10 years of service, 2.20% for each of the next 10 years of service, 2.40% for each of the next 10 years of service, and 2.80% for each year of service in excess of 30, with a pro-rated amount for service of less than a full year, based upon the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal, provided that:

(1) if retirement of the employee occurs below age 60, such annuity shall be reduced 1/4 of 1% (1/2 of 1% in the case of withdrawal from service before January 1, 1991) for each month or fraction thereof that the employee's age is less than 60, except that an employee retiring at age 50 or over having at least 30 years of service shall not be subject to the reduction in retirement annuity because of retirement below age 60;

(2) the annuity shall not exceed 80% of such average annual salary; and

(3) the actual salary shall be considered in the computation of this annuity.

An employee who withdraws from service on or after December 31, 2003, at age 50 or over with at least 10 years of service or at age 60 or over with at least 4 years of service, shall receive, in lieu of any other retirement annuity provided for in this Section, a retirement annuity calculated as follows: for each

year of service immediately preceding the date of withdrawal, 2.40% of the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal, with a prorated amount for service of less than a full year, provided that:

- (1) if retirement of the employee occurs below age 60, such annuity shall be reduced 1/4 of 1% for each month or fraction thereof that the employee's age is less than 60, except that an employee retiring at age 50 or over having at least 30 years of service shall not be subject to the reduction in retirement annuity because of retirement below age 60;
- (2) the annuity shall not exceed 80% of such average annual salary; and
- (3) the actual salary shall be considered in the computation of this annuity.

Notwithstanding any other formula, the annuity for employees retiring on or after January 31, 2004 and on or before February 29, 2004 with at least 30 years of service shall be 80% of average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal.

(b) In lieu of the retirement annuity provided as an actuarial equivalent of the total accumulations from contributions by the employee, contributions by the employer, and prior service annuity plus regular interest, an employee in service prior to July 1, 1971 shall be entitled to the largest applicable retirement annuity provided in this Section if the same is larger than the annuity provided in other Sections of this Article.

(c) The following schedule shall govern the computation of service for the fixed benefit annuities provided by this Section: Service during 9 months or more during any fiscal year shall constitute a year of service; 6 to 8 months, inclusive, 3/4 of a year; 3 to 5 months, inclusive, 1/2 year; less than 3 months, 1/4 of a year; 15 days or more in any month, a month of service. However, for the 6-month fiscal year July 1, 2012 through December 31, 2012, the amount of service earned shall not exceed 1/2 year.

(d) The other provisions of this Section shall not apply in the case of any former employee who is receiving a retirement annuity from the fund and who re-enters service as an employee, unless the employee renders from and after the date of re-entry, at least 3 years of additional service.

(Source: P.A. 93-654, eff. 1-16-04.)

(40 ILCS 5/12-149) (from Ch. 108 1/2, par. 12-149)

Sec. 12-149. Financing. The board of park commissioners of any such park district shall annually levy a tax (in addition to the taxes now authorized by law) upon all taxable property embraced in the district, at the rate which, when added to the employee contributions under this Article and applied to the fund created hereunder, shall be sufficient to provide for the purposes of this Article in accordance with the provisions thereof. Such tax shall be levied and collected with and in like manner as the general taxes of such district, and shall not in any event be included within any limitations of rate for general park purposes as now or hereafter provided by law, but shall be excluded therefrom and be in addition thereto. The amount of such annual tax to and including the year 1977 shall not exceed .0275% of the value, as equalized or assessed by the Department of Revenue, of all taxable property embraced within the park district, provided that for the year 1978, and for each year thereafter, the amount of such annual tax shall be at a rate on the dollar of assessed valuation of all taxable property that will produce, when extended, for the year 1978 the following sum: 0.825 times the amount of employee contributions during the fiscal year 1976; for the year 1979, 0.85 times the amount of employee contributions during the fiscal year 1977; for the year 1980, 0.90 times the amount of employee contributions during the fiscal year 1978; for the year 1981, 0.95 times the amount of employee contributions during the fiscal year 1979; for the year 1982, 1.00 times the amount of employee contributions during the fiscal year 1980; for the year 1983, 1.05 times the amount of contributions made on behalf of employees during the fiscal year 1981; and for the year 1984 and each year thereafter, an amount equal to 1.10 times the employee contributions during the fiscal year 2-years prior to the year for which the applicable tax is levied. For the year 2014, this calculation shall be 1.10 times the amount of employee contributions during the 12-month fiscal year ending June 30, 2012; and for the year 2015, this calculation shall be 1.10 times the amount of employee contributions during the 12-month fiscal year ending December 31, 2013. As used in this Section, the term "employee contributions" means contributions by employees for retirement annuity, spouse's annuity, automatic increase in retirement annuity, and death benefit.

In respect to park district employees, other than policemen, who are transferred to the employment of a city by virtue of the "Exchange of Functions Act of 1957", the corporate authorities of the city shall annually levy a tax upon all taxable property embraced in the city, as equalized or assessed by the Department of Revenue, at such rate per cent of the value of such property as shall be sufficient, when added to the amounts deducted from the salary or wages of such employees, to provide the benefits to which such employees, their dependents and beneficiaries are entitled under the provisions of this Article. The park district shall not levy a tax hereunder in respect to such employees. The tax levied by

the city under authority of this Article shall be in addition to and exclusive of all other taxes authorized by law to be levied by the city for corporate, annuity fund or other purposes.

All moneys accruing from the levy and collection of taxes, pursuant to this section, shall be remitted to the board by the employers as soon as they are received. Where a city has levied a tax pursuant to this Section in respect to park district employees transferred to the employment of a city, the treasurer of such city or other authorized officer shall remit the moneys accruing from the levy and collection of such tax as soon as they are received. Such remittances shall be made upon a pro rata share basis, whereby each employer shall pay to the board such employer's proportionate percentage of each payment of taxes received by it, according to the ratio which its tax levy for this fund bears to the total tax levy of such employer.

Should any board of park commissioners included under the provisions of this Article be without authority to levy the tax provided in this Section the corporation authorities (meaning the supervisor, clerk and assessor) of the town or towns for which such board shall be the board of park commissioners shall levy such tax.

Employer contributions to the Fund may be reduced by \$5,000,000 for calendar years 2004 and 2005. (Source: P.A. 93-654, eff. 1-16-04.)"

Under the rules, the foregoing **Senate Bill No. 3629**, with House Amendment No. 2, was referred to the Secretary's Desk.

COMMITTEE MEETING ANNOUNCEMENTS

The Chair announced the following committee to meet at 3:00 o'clock p.m.:

Agriculture and Conservation in Room 409

The Chair announced the following committees to meet at 3:30 o'clock p.m.:

Higher Education in Room 409

Human Services in Room 212

Judiciary in Room 400

The Chair announced the following committees to meet at 4:00 o'clock p.m.:

Education in Room 409

Transportation in Room 400

The Chair announced the following committee to meet at 4:15 o'clock p.m.:

Labor in Room 212

At the hour of 2:45 o'clock p.m., the Chair announced that the Senate stand at recess subject to the call of the Chair.

RECESS

At the hour of 5:00 o'clock p.m., the Senate resumed consideration of business.
Senator Crotty, presiding.

REPORTS FROM STANDING COMMITTEES

Senator Frerichs, Chairperson of the Committee on Agriculture and Conservation, to which was referred the following Senate floor amendments, reported that the Committee recommends do adopt:

Senate Amendment No. 2 to House Bill 3611
Senate Amendment No. 1 to House Bill 4819

[May 28, 2012]

Under the rules, the foregoing floor amendments are eligible for consideration on second reading.

Senator Maloney, Chairperson of the Committee on Higher Education, to which was referred the Motions to Concur with House Amendments to the following Senate Bills, reported that the Committee recommends do adopt:

Motion to Concur in House Amendment 1 to Senate Bill 2929; Motion to Concur in House Amendment 1 to Senate Bill 2949

Under the rules, the foregoing motions are eligible for consideration by the Senate.

Senator Hunter, Chairperson of the Committee on Human Services, to which was referred the Motion to Concur with House Amendment to the following Senate Bill, reported that the Committee recommends do adopt:

Motion to Concur in House Amendment 2 to Senate Bill 278

Under the rules, the foregoing motion is eligible for consideration by the Senate.

Senator Mulroe, Vice-Chairperson of the Committee on Judiciary, to which was referred the Motions to Concur with House Amendments to the following Senate Bills, reported that the Committee recommends do adopt:

Motion to Concur in House Amendments 1 and 2 to Senate Bill 1691; Motion to Concur in House Amendment 2 to Senate Bill 2545; Motion to Concur in House Amendment 1 to Senate Bill 3249; Motion to Concur in House Amendments 1 and 2 to Senate Bill 3287

Under the rules, the foregoing motions are eligible for consideration by the Senate.

Senator Lightford, Vice-Chairperson of the Committee on Education, to which was referred the Motion to Concur with House Amendment to the following Senate Bill, reported that the Committee recommends do adopt:

Motion to Concur in House Amendment 1 to Senate Bill 3374

Under the rules, the foregoing motion is eligible for consideration by the Senate.

Senator Sandoval, Chairperson of the Committee on Transportation, to which was referred the Motion to Concur with House Amendment to the following Senate Bill, reported that the Committee recommends do adopt:

Motion to Concur in House Amendment 1 to Senate Bill 2937

Under the rules, the foregoing motion is eligible for consideration by the Senate.

MESSAGES FROM THE HOUSE

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3593

[May 28, 2012]

A bill for AN ACT concerning civil law.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 3593

Passed the House, as amended, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 3593

AMENDMENT NO. 1. Amend Senate Bill 3593 on page 2, by replacing lines 13 through 15 with the following:

"determines, and issues an order finding, that (1) the real or personal property lacks sufficient equity, (2) the estate lacks sufficient funds to pay for insurance, or (3) the property is otherwise uninsurable. No personal property"; and

on page 4, after line 20, by inserting the following:

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

Under the rules, the foregoing **Senate Bill No. 3593**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3420

A bill for AN ACT concerning nursing homes.

Passed the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 3544

A bill for AN ACT concerning children.

Passed the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has passed a bill of the following title, in the passage of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE BILL NO. 4239

A bill for AN ACT concerning revenue.

Passed the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

The foregoing **House Bill No. 4239** was taken up, ordered printed and placed on first reading.

A message from the House by

Mr. Mapes, Clerk:

[May 28, 2012]

Mr. President -- I am directed to inform the Senate that the House of Representatives has refused to concur with the Senate in the adoption of their amendments to a bill of the following title, to-wit:

HOUSE BILL 1262

A bill for AN ACT concerning State government.

Which amendments are as follows:

Senate Amendment No. 1 to HOUSE BILL NO. 1262

Senate Amendment No. 5 to HOUSE BILL NO. 1262

Non-concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

Under the rules, the foregoing **House Bill No. 1262**, with Senate Amendments numbered 1 and 5, was referred to the Secretary's Desk.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendments to a bill of the following title, to-wit:

HOUSE BILL 404

A bill for AN ACT concerning State government.

Which amendments are as follows:

Senate Amendment No. 1 to HOUSE BILL NO. 404

Senate Amendment No. 4 to HOUSE BILL NO. 404

Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:

HOUSE BILL 735

A bill for AN ACT concerning liquor.

Which amendment is as follows:

Senate Amendment No. 1 to HOUSE BILL NO. 735

Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:

HOUSE BILL 3982

A bill for AN ACT concerning transportation.

Which amendment is as follows:

Senate Amendment No. 1 to HOUSE BILL NO. 3982

Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:

HOUSE BILL 4242

A bill for AN ACT concerning revenue.

[May 28, 2012]

Which amendment is as follows:
Senate Amendment No. 1 to HOUSE BILL NO. 4242
Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by
Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:
HOUSE BILL 4531

A bill for AN ACT concerning State government.
Which amendment is as follows:
Senate Amendment No. 1 to HOUSE BILL NO. 4531
Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by
Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:
HOUSE BILL 4596

A bill for AN ACT concerning government.
Which amendment is as follows:
Senate Amendment No. 1 to HOUSE BILL NO. 4596
Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by
Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:
HOUSE BILL 4598

A bill for AN ACT concerning transportation.
Which amendment is as follows:
Senate Amendment No. 1 to HOUSE BILL NO. 4598
Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by
Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:
HOUSE BILL 4757

A bill for AN ACT concerning education.
Which amendment is as follows:
Senate Amendment No. 1 to HOUSE BILL NO. 4757
Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by
Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:
HOUSE BILL 4761

[May 28, 2012]

A bill for AN ACT concerning State government.
Which amendment is as follows:
Senate Amendment No. 1 to HOUSE BILL NO. 4761
Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by
Mr. Mapes, Clerk:
Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendments to a bill of the following title, to-wit:

HOUSE BILL 5016

A bill for AN ACT concerning regulation.
Which amendments are as follows:
Senate Amendment No. 1 to HOUSE BILL NO. 5016
Senate Amendment No. 2 to HOUSE BILL NO. 5016
Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by
Mr. Mapes, Clerk:
Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:

HOUSE BILL 5021

A bill for AN ACT concerning transportation.
Which amendment is as follows:
Senate Amendment No. 1 to HOUSE BILL NO. 5021
Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by
Mr. Mapes, Clerk:
Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendments to a bill of the following title, to-wit:

HOUSE BILL 5025

A bill for AN ACT concerning utilities.
Which amendments are as follows:
Senate Amendment No. 1 to HOUSE BILL NO. 5025
Senate Amendment No. 2 to HOUSE BILL NO. 5025
Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by
Mr. Mapes, Clerk:
Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:

HOUSE BILL 5099

A bill for AN ACT concerning transportation.
Which amendment is as follows:
Senate Amendment No. 1 to HOUSE BILL NO. 5099
Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by
Mr. Mapes, Clerk:

[May 28, 2012]

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:

HOUSE BILL 5111

A bill for AN ACT concerning revenue.

Which amendment is as follows:

Senate Amendment No. 1 to HOUSE BILL NO. 5111

Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:

HOUSE BILL 5114

A bill for AN ACT concerning education.

Which amendment is as follows:

Senate Amendment No. 1 to HOUSE BILL NO. 5114

Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:

HOUSE BILL 5122

A bill for AN ACT concerning criminal law.

Which amendment is as follows:

Senate Amendment No. 1 to HOUSE BILL NO. 5122

Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:

HOUSE BILL 5278

A bill for AN ACT concerning criminal law.

Which amendment is as follows:

Senate Amendment No. 1 to HOUSE BILL NO. 5278

Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:

HOUSE BILL 5280

A bill for AN ACT concerning criminal law.

Which amendment is as follows:

Senate Amendment No. 1 to HOUSE BILL NO. 5280

Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

[May 28, 2012]

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendments to a bill of the following title, to-wit:

HOUSE BILL 5289

A bill for AN ACT concerning revenue.

Which amendments are as follows:

Senate Amendment No. 1 to HOUSE BILL NO. 5289

Senate Amendment No. 2 to HOUSE BILL NO. 5289

Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:

HOUSE BILL 5330

A bill for AN ACT concerning sexually violent persons.

Which amendment is as follows:

Senate Amendment No. 1 to HOUSE BILL NO. 5330

Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of their amendment to a bill of the following title, to-wit:

HOUSE BILL 5450

A bill for AN ACT concerning housing.

Which amendment is as follows:

Senate Amendment No. 1 to HOUSE BILL NO. 5450

Concurred in by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has adopted the following joint resolution, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE JOINT RESOLUTION NO. 88

WHEREAS, It is necessary to honor and remember the military heroes of our State and country who have served with great dedication to preserving our liberties and freedoms; and

WHEREAS, Russell E. Dunham was born in 1920 in East Carondelet and raised on a small farm near Fosterburg; when he was 20 years old he enlisted in the United States Army; and

WHEREAS, Russell Dunham achieved the rank of Technical Sergeant and platoon leader with the 30th Infantry, 3rd Infantry Division, and saw combat in North Africa, Sicily, Italy, and France; and

WHEREAS, On January 8th, 1945, Technical Sergeant Dunham's unit was pinned down between artillery fire and enemy machine gun nests at the base of snow-covered Hill 616 in Alsace-Lorraine near Kaisersberg, France; Technical Sergeant Dunham made the decision to advance single-handedly, using a white mattress as camouflage and cover; Technical Sergeant Dunham then preceded to neutralize all three machine gun emplacements using only his carbine and hand grenades, while being wounded by

[May 28, 2012]

enemy fire in the process; and

WHEREAS, Technical Sergeant Dunham was awarded the Medal of Honor in 1945 for "conspicuous gallantry and intrepidity at risk of life above and beyond the call of duty"; General Alexander Patch said, while he placed the award around Dunham's neck, that his actions had single-handedly saved the lives of 120 pinned-down US soldiers; and

WHEREAS, In addition to the Medal of Honor, Technical Sergeant Dunham was awarded the Silver Star, Bronze Star, Purple Heart, and the Croix de Guerre for Heroism from the President of France for his valiant service during the Second World War; and

WHEREAS, After his service, Technical Sergeant Dunham returned to west central Illinois, where he continued to serve his fellow soldiers by working as a benefits counselor with the Veterans Administration in St. Louis for 32 years; he also honored his fellow infantrymen by getting a monument erected at Jefferson Barracks National Cemetery to honor those who served with the 3rd Infantry Division; and

WHEREAS, He was an avid hunter and proud member of the Alton Veterans of Foreign Wars Post 1308; and

WHEREAS, After his marriage to Mary Dunham ended, Technical Sergeant Dunham lived out the remainder of his life in Jersey County with his second wife, Wilda Long-Bazzell Dunham; and

WHEREAS, He had a daughter, Mary Neal, with his first wife; and two stepchildren, Annette Wilson and David Bazzell; in addition, Technical Sergeant Dunham had 8 brothers, 5 sisters, and multiple grandchildren; and

WHEREAS, Technical Sergeant Dunham passed away in 2009 in Godfrey, at the age of 89; and

WHEREAS, The members of this Body are humbled and honored by Technical Sergeant Russell Dunham's distinguished life and valiant military service; and

WHEREAS, There is a section of United States Highway 67 running through the entirety of Jersey County and extending into Madison County; and

WHEREAS, When completed, there shall also be a section of Illinois State Highway 255 running between Seminary Road at Milepost 16 to United States Highway 67 at Milepost 21; therefore, be it

RESOLVED, BY THE HOUSE OF THE NINETY-SEVENTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE ILLINOIS SENATE CONCURRING HEREIN, that we designate the stretch of United States Highway 67 beginning at the Jersey County line and traveling south to Illinois State Highway 255, and continuing onto Illinois State Highway 255, when completed, between Mileposts 16 and 21 as the "Russell E. Dunham Memorial Highway"; and be it further

RESOLVED, That upon completion of any unfinished sections of highway, the Illinois Department of Transportation is requested to erect at suitable locations, consistent with State and federal regulations, appropriate plaques or signs giving notice of the name; and be it further

RESOLVED, That suitable copies of this resolution be presented to the Dunham family, the Village of Godfrey, the county boards of both Jersey and Madison Counties, and the Secretary of the Illinois Department of Transportation.

Adopted by the House, May 28, 2012.

TIMOTHY D. MAPES, Clerk of the House

The foregoing message from the House of Representatives reporting House Joint Resolution No. 88 was referred to the Committee on Assignments.

[May 28, 2012]

READING BILLS FROM THE HOUSE OF REPRESENTATIVES A FIRST TIME

House Bill No. 4239, sponsored by Senator Haine, was taken up, read by title a first time and referred to the Committee on Assignments.

House Bill No. 5182, sponsored by Senator A. Collins, was taken up, read by title a first time and referred to the Committee on Assignments.

Senator Murphy asked and obtained unanimous consent to recess for the purpose of a Republican caucus.

At the hour of 5:13 o'clock p.m., the Chair announced that the Senate stand at recess subject to the call of the Chair.

AFTER RECESS

At the hour of 6:37 o'clock p.m., the Senate resumed consideration of business.
Senator Crotty, presiding.

LEGISLATIVE MEASURES FILED

The following Committee amendments to the House Bills listed below have been filed with the Secretary and referred to the Committee on Assignments:

Senate Committee Amendment No. 2 to House Bill 1263
Senate Committee Amendment No. 1 to House Bill 4074

The following Floor amendments to the House Bills listed below have been filed with the Secretary and referred to the Committee on Assignments:

Senate Floor Amendment No. 3 to House Bill 1084
Senate Floor Amendment No. 5 to House Bill 1237
Senate Floor Amendment No. 4 to House Bill 1489
Senate Floor Amendment No. 2 to House Bill 2891
Senate Floor Amendment No. 6 to House Bill 3779

JOINT ACTION MOTIONS FILED

The following Joint Action Motions to the Senate Bills listed below have been filed with the Secretary and referred to the Committee on Assignments:

Motion to Concur in Senate Amendment 1 to Senate Bill 180
Motion to Concur in Senate Amendments 1 and 2 to Senate Bill 1351
Motion to Concur in Senate Amendment 3 to Senate Bill 1355
Motion to Concur in Senate Amendment 1 to Senate Bill 2837
Motion to Concur in Senate Amendment 2 to Senate Bill 2934
Motion to Concur in Senate Amendment 1 to Senate Bill 3171
Motion to Concur in Senate Amendments 1 and 2 to Senate Bill 3241
Motion to Concur in Senate Amendments 1 and 2 to Senate Bill 3261
Motion to Concur in Senate Amendments 1 and 2 to Senate Bill 3320
Motion to Concur in Senate Amendment 3 to Senate Bill 3572
Motion to Concur in Senate Amendment 1 to Senate Bill 3576
Motion to Concur in Senate Amendment 1 to Senate Bill 3591
Motion to Concur in Senate Amendment 1 to Senate Bill 3593
Motion to Concur in Senate Amendment 1 to Senate Bill 3594

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Motion to Concur in Senate Amendment 1 to Senate Bill 3601
 Motion to Concur in Senate Amendment 1 to Senate Bill 3602
 Motion to Concur in Senate Amendments 1 and 2 to Senate Bill 3619
 Motion to Concur in Senate Amendments 1 and 2 to Senate Bill 3695
 Motion to Concur in Senate Amendment 1 to Senate Bill 3746
 Motion to Concur in Senate Amendment 1 to Senate Bill 3792

READING BILL FROM THE HOUSE OF REPRESENTATIVES A THIRD TIME

On motion of Senator Cullerton, **House Bill No. 1981** having been printed as received from the House of Representatives, together with all Senate Amendments adopted thereto, was taken up and read by title a third time.

And the question being, "Shall this bill pass?" it was decided in the affirmative by the following vote:

YEAS 51; NAYS None.

The following voted in the affirmative:

Althoff	Garrett	Landek	Pankau
Bivins	Haine	Lightford	Radogno
Bomke	Harmon	Link	Rezin
Brady	Holmes	Maloney	Righter
Clayborne	Hunter	Martinez	Sandack
Collins, A.	Hutchinson	McCann	Sandoval
Collins, J.	Jacobs	McCarter	Schmidt
Crotty	Johnson, C.	McGuire	Steans
Cultra	Johnson, T.	Millner	Sullivan
Dillard	Jones, E.	Mulroe	Syverson
Duffy	Jones, J.	Muñoz	Trotter
Forby	Koehler	Murphy	Mr. President
Frerichs	LaHood	Noland	

This bill, having received the vote of a constitutional majority of the members elected, was declared passed, and all amendments not adopted were tabled pursuant to Senate Rule No. 5-4(a).

Ordered that the Secretary inform the House of Representatives thereof and ask their concurrence in the Senate Amendment adopted thereto.

HOUSE BILL RECALLED

On motion of Senator Koehler, **House Bill No. 3611** was recalled from the order of third reading to the order of second reading.

Senator Koehler offered the following amendment and moved its adoption:

AMENDMENT NO. 2 TO HOUSE BILL 3611

AMENDMENT NO. 2. Amend House Bill 3611, AS AMENDED, by replacing everything after the enacting clause with the following:

"Section 5. Return of real property. Upon the payment of the sum of \$10 to the State of Illinois, and subject to the conditions set forth in Sections 10, 15, and 20 of this Act, the Director of Natural Resources is authorized to return the land referred to as the Wildlife Prairie State Park including that real property that was initially conveyed to the State of Illinois from the Forest Park Foundation by a corporate special warranty deed executed September 5, 2000 and by a warranty deed executed on September 4, 2001, by conveying by quitclaim deed all right, title, and interest in and to the following described land in Peoria County, Illinois (referred to hereafter as "Wildlife Prairie State Park") to the Forest Park Foundation, a not-for-profit Illinois corporation (referred to hereafter as "Forest Park Foundation"):

[May 28, 2012]

Tract 1: Part of the Northeast Quarter of the Northeast Quarter of Section 30, Township 9 North, Range 7 East of the Fourth Principal Meridian, more particularly bounded and described as follows, to-wit: From the Southeast corner of the Northeast Quarter of the Northeast Quarter of said Section 30, and running thence South 89°21'30" West along the South line of the Northeast Quarter of the Northeast Quarter of said Section 30, a distance of 180 feet; thence North 427.69 feet; thence South 87°39' West, 200 feet to the Point of Beginning; thence South 87°39' West, 403.76 feet; thence on a curve to the right with a radius of 228.35 feet and a central angle of 52°34' an arc distance of 209.5 feet; thence North 39°47' West, 340.18 feet; thence South 76°54' East, 117.99 feet; thence North 89° 21' East, 327.56 feet; thence North 82°11' East, 256.39 feet; thence North 84°49' East to the Northwest corner of the tract described in the deed from the First National Bank of Peoria to Forest Park Foundation, dated November 14, 1969, and recorded November 21, 1969, as Document Number 69-16464; thence South along the Westerly line of tract so conveyed to Forest Park Foundation to the Point of Beginning; situated in the County of Peoria and the State of Illinois. (Permanent Index Number: 13-30-200-004.)

Tract 2: A part of the Southwest Quarter of the Southwest Quarter and a part of the East Half of the Southwest Quarter, all in Section 19, Township 9 North, Range 7 East of the Fourth Principal Meridian, Peoria County, Illinois, more particularly bounded and described as follows and bearings are for the purposes of description only: Beginning at the Southwest corner of the Southwest Quarter of said Section 19; thence North 0 degrees 36 minutes 04 seconds East along the West line of the Southwest Quarter of the Southwest Quarter of said Section 19, 1333.50 feet to the Northwest corner of the Southwest Quarter of the Southwest Quarter of said Section 19; thence South 89 degrees 30 minutes 48 seconds East along the North line of the Southwest Quarter of the Southwest Quarter of said Section 19, 1287.74 feet to the Northeast corner of the Southwest Quarter of the Southwest Quarter of said Section 19; thence North 0 degrees 23 minutes 51 seconds East along the West line of the East Half of the Southwest Quarter of said Section 19, 448.37 feet; thence North 87 degrees 27 minutes 51 seconds East, 350.43 feet; thence South 87 degrees 10 minutes 47 seconds East, 221.96 feet; the last two named courses being along the Southerly right-of-way line of Illinois State Route 8; thence South 40 degrees 00 minutes 48 seconds East, 53.37 feet; thence on a non-tangent curve to the left having a radius of 1547.39 feet, said curve having a chord whose bearing is South 4 degrees 49 minutes 22 seconds East, an arc distance of 272.85 feet; thence South 8 degrees 07 minutes 38 seconds East, 1147.95 feet; thence South 9 degrees 56 minutes 50 seconds East, 196.75 feet to the approximate center of Kickapoo Creek; the last four named courses being along the Westerly right-of-way of County Highway No. 18; thence North 82 degrees 19 minutes 00 seconds West, 105.62 feet; thence North 85 degrees 08 minutes 00 seconds West, 1570.00 feet; thence North 49 degrees 14 minutes 00 seconds West, 40 feet; the last three courses being along the approximate centerline of Kickapoo Creek; thence South 77 degrees 37 minutes 00 seconds West, 215.00 feet; thence South 18 degrees 10 minutes 00 seconds West, 275.10 feet; the last two courses being along the approximate centerline of Johnson Run Creek; thence North 89 degrees 28 minutes 00 seconds West along the South line of the Southwest Quarter of said Section 19, 135.00 feet to the Point of Beginning, EXCEPT the coal and other minerals underlying the surface of said land and all rights and easements in favor of the estate of the coal and minerals; situated in the County of Peoria, and State of Illinois. (Permanent Index Number: 13-19-351-001.)

Tract 3: A part of the Southwest Quarter of Section 19, Township 9 North, Range 7 East of the Fourth Principal Meridian, more particularly bounded and described as follows: Commencing at an iron rod at the Southwest corner of said Section 19 and running thence South 89 degrees 28 minutes East along the South line of said Section 19, a distance of 135.0 feet to the Point of Beginning of the tract to be described; and from said Point of Beginning continuing South 89 degrees 28 minutes East along the South line of said Section 19, a distance of 2055.3 feet to an iron rod; thence North 9 degrees 40 minutes East, a distance of 50.6 feet to an iron rod; thence North 94.0 feet to the approximate centerline of Kickapoo Creek, the last two named courses being along the Westerly right-of-way line of a tract acquired by the State of Illinois for the proposed relocation of County Highway No. 18 S.A. Right, #18 by a deed recorded in the office of the Recorder of Deeds of Peoria County, Illinois, in Book 382 at page 166; thence North 82 degrees 19 minutes West, 174.9 feet; thence North 85 degrees 08 minutes West, a distance of 1570.0 feet; thence North 49 degrees 14 minutes West, a

distance of 40.0 feet, the last three named courses being along the approximate centerline of Kickapoo Creek; thence South 77 degrees 37 minutes West, 215.0 feet; thence South 18 degrees 10 minutes West, a distance of 275.1 feet to the Point of Beginning, the last two named courses being along the approximate centerline of Johnson Run Creek; situated in the County of Peoria, and State of Illinois (said tract containing 10.54 acres). (Permanent Index Number: 13-19-352-001.)

Tract 4: A part of the East Half of the Southeast Quarter of Section 19, Township 9 North, Range 7 East of the Fourth Principal Meridian, Peoria County, Illinois, more particularly bounded and described as follows and bearings are for the purposes of description only: Commencing at an iron pipe at the Northeast corner of the Southeast Quarter of said Section 19; thence South 0 degrees 13 minutes 23 seconds West, along the East line of said Section 19, a distance of 364.40 feet to an iron rod at the point of beginning for the tract to be described; thence continuing South 0 degrees 13 minutes 23 seconds West, along the East line of said Section 19, a distance of 752.67 feet to an iron rod on the Northerly right of way line of IL Rt. #8 (also known as County Highway No. 11); thence in a Westerly direction, along the arc of a curve to the right, the radius of which is 1883.05 feet, a distance of 506.14 feet, the long chord of which bears North 74 degrees 42 minutes 01 seconds West, 504.60 feet to an iron rod at a point of tangency; thence North 67 degrees 00 minutes West, 198.85 feet to an iron rod; the last two named courses being along the Northerly right of way line of said IL Rt. #8 (also known as County Highway No. 11); thence North 6 degrees 07 minutes East, 218.4 feet to an iron rod; thence North 5 degrees 58 minutes 44 seconds East, 145.83 feet to an iron rod; thence North 74 degrees 11 minutes 19 seconds East, 659.20 feet to the point of beginning, containing 8.635 acres, more or less, as appears as Tract D on Zumwalt & Associates Plat No. 18032, dated August 27, 2001, and recorded as Document No. 01-32206, on September 5, 2001; situated in the County of Peoria, and State of Illinois. (Permanent Index Number: 13-19-426-004.)

Tracts 5 & 6: Part of the Northwest Quarter of Section 20, Township 9 North, Range 7 East of the Fourth Principal Meridian, Peoria County, Illinois, being more particularly described as follows: (Bearings assumed for descriptive purposes only): Commencing at the Southwest corner of the Northwest Quarter of said Section 20, running thence South 89 degrees 58 minutes 32 seconds East along the South line of the Northwest Quarter of said Section 20; a distance of 100.00 feet to the Point of Beginning of the tract to be described; from the Point of Beginning; running thence North 00 degrees 00 minutes 52 seconds East along a line 100 feet East and parallel with the West line of the Northwest Quarter of said Section 20, a distance of 1333.76 feet (recorded 1333.98 feet) to a point on the North line of the South Half of the Northwest Quarter of said Section 20; thence South 89 degrees 58 minutes 04 seconds East along the North line of the South Half of said Section 20, a distance of 1763.14 feet (recorded 1763.14 feet); thence South 00 degrees 00 minutes 52 seconds West, parallel with the West line of the Northwest Quarter of said Section 20, a distance of 1333.52 feet (recorded 1334.27 feet) to a point on the South line of the Northwest Quarter of said Section 20; thence North 89 degrees 58 minutes 32 seconds West along the South line of the Northwest Quarter of said Section 20, a distance of 1763.14 feet (recorded 1763.14 feet) to the point of beginning; situate, lying and being in the County of Peoria and State of Illinois;

AND

Part of the Northwest Quarter of Section 20, Township 9 North, Range 7 East of the Fourth Principal Meridian; Peoria County, Illinois, being more particularly described as follows: (Bearings assumed for descriptive purposes only) Commencing at the Northwest corner of the Northwest Quarter of said Section 20, and running thence South 89 degrees 57 minutes 35 seconds East along the North line of the Northwest Quarter of said Section 20, a distance of 100.00 feet to the Point of Beginning of the tract to be described: From the Point of Beginning continuing thence South 89 degrees 57 minutes 35 seconds East along the North line of the Northwest Quarter of said Section 20, a distance of 1265.89 feet to the Northeast corner of the West Half of the Northwest Quarter of said Section 20; thence South 00 degrees 02 minutes 07 seconds West along the East line of the West Half of the Northwest Quarter of said Section 20, a distance of 180.05 feet (recorded 180.05 feet); thence South 84 degrees 56 minutes 27 seconds East, a distance of 1371.05 feet (recorded 1370.76 feet) to a point on the East line of the Northwest Quarter of said Section 20; thence South 00 degrees 03

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minutes 22 seconds West along the East line of the Northwest Quarter of said Section 20, a distance of 2366.79 feet to the Southeast corner of the Northwest Quarter of said Section 20; thence North 89 degrees 58 minutes 32 seconds West along the South line of the Northwest Quarter of said Section 20, a distance of 866.70 feet; thence North 00 degrees 00 minutes 52 seconds East, a distance of 1333.52 feet (recorded 1334.27 feet) to a point on the North line of the South Half of the Northwest Quarter of said Section 20; thence North 89 degrees 58 minutes 04 seconds West along the North line of the South Half of the Northwest Quarter of said Section 20, 1763.14 feet (recorded 1763.14 feet); thence North 00 degrees 00 minutes 52 seconds East along a line 100.00 feet East and parallel with the West line of the Northwest Quarter of said Section 20, a distance of 1333.76 feet to the Point of Beginning; situate, lying and being in the County of Peoria, and State of Illinois. (Permanent Index Numbers: 13-20-100-004 and 13-20-100-003.)

Tract 7: Part of the Southwest Quarter of Section 20, Township 9 North, Range 7 East of the Fourth Principal Meridian, Peoria County, Illinois, being more particularly described as follows (Bearings assumed for descriptive purposes only): Commencing at the Northeast corner of the Southwest Quarter of said Section 20, and running thence South 00 degrees 18 minutes 30 seconds West along the East line of the Southwest Quarter of said Section 20, a distance of 912.29 feet (recorded 912.1 feet); thence South 09 degrees 22 minutes 08 seconds West, a distance of 343.25 feet (recorded 344.2 feet); thence South 12 degrees 04 minutes 20 seconds West, a distance of 200.25 feet (recorded 199.8 feet) to a point on the Northerly right of way line of State Route 8 (the next 3 courses are along the Northerly right of way line of State Route 8) thence North 82 degrees 16 minutes 20 seconds West, a distance of 216.23 feet; thence North 88 degrees 55 minutes 36 seconds West, a distance of 302.03 feet; thence North 82 degrees 16 minutes 20 seconds West, a distance of 677.93 feet; thence North 00 degrees 15 minutes 32 seconds East, a distance of 1125.13 feet; thence North 89 degrees 58 minutes 32 seconds West, a distance of 80.21 feet to a point on the West line of the East Half of the Southwest Quarter of said Section 20; thence North 00 degrees 15 minutes 32 seconds East, along the West line of the East Half of the Southwest Quarter of said Section 20, a distance of 196.32 feet to the Northwest corner of the East Half of the Southwest Quarter of said Section 20; thence South 89 degrees 58 minutes 32 seconds East along the North line of the Southwest Quarter of said Section 20, a distance of 1364.92 feet to the point of beginning, situate, lying and being in the County of Peoria, and State of Illinois;

EXCEPTING a part of the Southwest Quarter of Section 20, Township 9 North, Range 7 East of the Fourth Principal Meridian being more particularly described as follows: Commencing at the Northeast corner of the West half of the Southwest Quarter of said Section 20; thence South 0 degrees, 15 minutes, 32 seconds West, along the East line of the West Half of the Southwest Quarter of said Section 20, a distance of 196.32 feet; thence South 89 degrees 58 minutes 32 seconds East, a distance of 80.21 feet to the Point of Beginning of the tract to be described; thence South 0 degrees 15 minutes 32 seconds West, a distance of 1125.13 feet to a point on the North right-of-way line of State Route No. 8; thence South 82 degrees 16 minutes 20 second East, along the North right-of-way line of State Route No. 8, a distance of 302.57 feet; thence North 0 degrees 15 minutes 32 seconds East, a distance of 1165.69 feet; thence North 89 degrees 58 minutes 32 seconds West, a distance of 300.00 feet to the Point of Beginning, containing 7.89 acres, more or less, situate, lying and being in the County of Peoria, and State of Illinois, as appears as Tract A on Zumwalt & Associates plat #18032, dated August 27, 2001 and recorded as Document No. 01-32206 on September 5, 2001, situate, lying and being in the County of Peoria, and State of Illinois. (Permanent Index Number: Part of 13-20-300-011.)

Part of the Southwest Quarter of Section 20, Township 9 North, Range 7 East of the Fourth Principal Meridian, Peoria County, Illinois, being more particularly described as follows (Bearings assumed for descriptive purposes only): Commencing at the Northwest corner of the Southwest Quarter of said Section 20, and running thence south 89 degrees 58 minutes 32 seconds East along the North line of the Southwest Quarter of said Section 20, a distance of 100.00 feet to the Point of Beginning of the parcel to be described: From the point of beginning running thence South 89 degrees 58 minutes 32 seconds East along the North line of the Southwest Quarter of said Section 20, a distance of 1264.92 feet to the Northeast corner to the West Half of the Southwest Quarter of said

Section 20; thence South 00 degrees 15 minutes 32 seconds West along the East line of the West Half of the Southwest Quarter of said Section 20, a distance of 196.32 feet; thence North 89 degrees 58 minutes 32 seconds West, a distance of 316.40 feet; thence South 00 degrees 15 minutes 32 seconds West, a distance of 1071.51 feet to a point on the Northerly right of way line of State Route 8; thence North 82 degrees 16 minutes 20 seconds West along the Northerly right of way line of State Route 8, a distance of 955.63 feet; thence North 00 degrees 12 minutes 34 seconds East along the A line 100.00 feet East of and parallel with the West line of the Southwest Quarter of said Section 20, a distance of 1139.73 feet to the Point of Beginning; situate, lying and being in the County of Peoria, and State of Illinois;

EXCEPTING a part of the Southwest Quarter of Section 20, Township 9 North, Range 7 East of the Fourth Principal Meridian being more particularly described as follows: Commencing at the Northeast corner of the West Half of the Southwest Quarter of said Section 20; thence South 0 degrees 15 minutes 32 seconds West, along the East line of the West Half of the Southwest Quarter of said Section 20, a distance of 196.32 feet; thence North 89 degrees 58 minutes 32 seconds West, a distance of 316.40 feet to the Point of Beginning of the tract to be described; thence South 0 degrees 15 minutes 32 seconds West, a distance of 1071.51 feet to a point on the North right-of-way line of State Route No. 8; thence North 82 degrees 16 minutes 20 seconds West along the North right-of-way line of State Route No. 8, a distance of 176.50 feet; thence North 0 degrees 15 minutes 32 seconds East, a distance of 1047.85 feet; thence South 89 degrees 58 minutes 32 seconds East, a distance of 175.00 feet to the Point of Beginning, containing 4.26 acres, more or less, situate, lying and being in the County of Peoria, and State of Illinois, as appears as Tract C on Zumwalt & Associates plat #18032, dated August 27, 2001 and recorded as Document No. 01-32206 on September 5, 2001, situate, lying and being in the County of Peoria, and State of Illinois. (Permanent Index Number: Part of 13-20-300-011.)

Tract 8: A part of the West Half of the Southwest Quarter of Section 21, Township 9 North, Range 7 East of the Fourth Principal Meridian, being more particularly described as follows: Commencing at the Northwest corner of the southwest Quarter of said Section 21; thence Easterly along the North line of the Southwest Quarter of said Section 21, a distance of 550.00 feet to the Point of Beginning of the tract to be described; thence South 00 degrees 45 minutes 27 seconds West parallel to the West line of the southwest Quarter of said Section 21, a distance of 400.00 feet; thence Westerly parallel to the North line of the Southwest Quarter of said Section 21, a distance of 520 feet, more or less, to a point being 30 feet normal distance Easterly from the West line of the Southwest Quarter of said Section 21; thence south 00 degrees 45 minutes 27 seconds West parallel to the West line of the southwest Quarter of said Section 21, a distance of 1203 feet, more or less, to the Northerly right of way line of ILL. Route No. 8; thence South 83 degrees 42 minutes 47 seconds East along the Northerly right of way line of said ILL. Route No. 8, a distance of 1200 feet, more or less, to a point lying 90.54 feet from the intersection of the Northerly right of way line of ILL. Route No. 8 with the East line of the West Half of the Southwest Quarter of said Section 21; thence North 00 degrees 00 minutes parallel with the East line of the West Half of the Southwest Quarter, a distance of 469.69 feet; thence North 79 degrees 27 minutes 13 seconds West, a distance of 38.37 feet; thence North 73 degrees 24 minutes West, a distance of 23.25 feet; thence North 00 degrees 00 minutes parallel to the East line of the West Half of the Southwest Quarter of said Section 21, a distance of 375.73 feet; thence West 00 degrees 00 minutes, a distance of 29.90 feet; thence North 53 degrees 52 minutes West, a distance of 207.62 feet; thence North 65 degrees 33 minutes West, a distance of 15.00 feet; thence Northeasterly, a distance of 750 feet, more or less, to the North line of the Southwest Quarter of said Section 21, said point being 300 feet Westerly of the Northeast corner of the West Half of the Southwest Quarter of said Section 21; thence Westerly along the North line of the Southwest Quarter of said Section 21, a distance of 442 feet, more or less, to the Point of Beginning, containing 36 acres, more or less; situate, lying and being in the county of Peoria, and State of Illinois; subject to an easement for ingress and egress purposes over, across and through the above described tract as shown on a plat filed on July 14, 2000 as Document No. 00-22306. (Permanent Index Number: 13-21-300-026.)

Tract 9: The Southwest Quarter of the Southeast Quarter and the South Half of the Southwest

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Quarter of Section 29, in Township 9 North, Range 7 East of the Fourth Principal Meridian; situated in the County of Peoria, and the State of Illinois.

ALSO, ten (10) acres, being that part of the West Half of the Northeast Quarter of the Northeast Quarter of Section 29 lying South of Kickapoo Creek, in Township 9 North, Range 7 East of the Fourth Principal Meridian; situated in the County of Peoria, and State of Illinois.

AND, ALSO, the North Half of the Southwest Quarter of Section 29 and that part of the West Half of the Northwest Quarter of Section 29 lying South of the centerline of Kickapoo Creek, which centerline intersects the East line of the West Half of the Northwest Quarter of Section 29 at a point 240 feet South of the North line thereof and intersects the West line of the Northwest Quarter of Section 29 at a point 312 feet South of the Northwest corner thereof, all in Township 9 North, Range 7 East of the Fourth Principal meridian; situated in the County of Peoria, and State of Illinois.

AND, ALSO, all that part of the East Half of the Northwest Quarter of Section 29 which lies Southerly of Kickapoo Creek; and the Northwest Quarter of the Southeast Quarter of Section 29; and all that part of the West Half of the Northeast Quarter of Section 29 which lies Southerly of Kickapoo Creek; and, also the Southeast Quarter of the Northeast Quarter of Section 29, all in Township 9 North, Range 7 East of the Fourth Principal Meridian; situated in the County of Peoria, and State of Illinois. (Permanent Index Number: 13-29-100-008.)

Tract 10: A tract of land in the Southeast Quarter of the Northwest Quarter of Section 30, Township 9 North, Range 7 East of the Fourth Principal Meridian in Kickapoo Township, Peoria County, Illinois, described as follows: Beginning at the center of Section 30, thence West 521 feet; thence North 147 feet; thence East 521 feet; thence South 147 feet to the Place of Beginning, containing 1.75 acres, more or less, EXCEPTING any portion used by or dedicated for public road right of way. (Permanent Index Number: 13-30-100-004.)

Tract 11: The Northwest Quarter of Section 30, township 9 North, Range 7 East of the Fourth Principal Meridian situated in the County of Peoria, and State of Illinois; EXCEPTING THEREFROM a part of the Southeast Quarter of the Northwest Quarter of Section 30 in Township 9 North, Range 7 East of the Fourth Principal Meridian, more particularly bounded and described as follows: Commencing at the center of said Section 30 and running thence North along the East line of said Northwest Quarter 147 feet to the Place of Beginning of the tract to be described; and from said Point of Beginning running thence West 620 feet; thence North 560 feet; thence East 620 feet to the East line of said Northwest Quarter and thence South along the East line of said Northwest Quarter 560 feet to the Place Beginning; and further EXCEPTING THEREFROM a tract of land in the Southeast Quarter of the Northwest Quarter of Section 30, Township 9 North, Range 7 East of the fourth Principal Meridian in Kickapoo Township, Peoria County, Illinois, described as follows: Beginning at the center of Section 30, thence West 521 feet; thence North 147 feet; thence East 521 feet; thence South 147 feet to the Point of Beginning, containing 1.75 acres, more or less; further EXCEPTING any portion used by or dedicated for public road right of way.

ALSO, a part of the Southeast Quarter of the Northwest Quarter of Section 30 in Township 9 North, Range 7 East of the Fourth Principal Meridian, more particularly bounded and described as follows: Commencing at the center of said Section 30, and running thence North along the East line of said Northwest Quarter 147 feet to the Place of Beginning of the tract to be described; and from said Place of Beginning running thence West 620 feet; thence North 560 feet; thence East 620 feet to the East line of said Northwest Quarter and thence South along the East line of said Northwest Quarter, 560 feet to the Place of Beginning, in the County of Peoria, in the State of Illinois; EXCEPTING any portion used by or dedicated for public road right of way.

AND, ALSO, the Northeast Quarter of the Southwest Quarter of Section 30, Township 9 North, Range 7 East of the Fourth Principal Meridian in Kickapoo Township, Peoria County, Illinois, containing 40 acres, more or less, EXCEPTING any portion used by or dedicated for public road right of way. (Permanent Index Number: 13-30-100-006.)

Tract 12: A part of the Northwest Quarter of the Northeast Quarter of Section 30, Township 9 North, Range 7 East of the Fourth Principal meridian, Peoria County, Illinois, described as follows: all that portion lying in the Northwest portion of the Northwest Quarter of the Northeast Quarter of Section 30, lying North and West of the centerline of Old Taylor Road, South of Kickapoo Creek, containing 16.03 acres. (Permanent Index Number: 13-30-200-001.)

Tract 13: Part of the Northeast Quarter of the Northeast Quarter of Section 30, Township 9 North, Range 7 East of the Fourth Principal Meridian, more particularly bounded and described as follows: Commencing at the Southeast corner of the Northeast Quarter of the Northeast Quarter of said Section 30, running thence South 89°21'30" West along the South line of the Northeast Quarter of the Northeast Quarter of said Section 30, a distance of 180 feet; thence North 427.69 feet; thence South 87°39' West, a distance of 200 feet; thence North to a point on the North line of the tract described in the deed from Mable E. Chapman, et al to Esther E. Magnuson, et al, dated October 1, 1957, and recorded October 9, 1957 in Book 1099, Page 369; thence in a Northeasterly direction along the Northerly line of the tract so conveyed to Esther E. Magnuson, et al, to a point on the East Line of the Northeast Quarter of the Northeast Quarter of Section 30, that is 860.81 feet North of the Place of Beginning; thence South along the East line of the said Northeast Quarter of the Northeast Quarter, 860.81 feet to the Place of Beginning, situated in the County of Peoria and the State of Illinois. (Permanent Index Number: 13-30-200-005.)

Tract 14: That portion of the Northeast Quarter of the Northeast Quarter of Section 30, in Township 9 North, Range 7 East of the Fourth Principal Meridian, which lies South of the Kickapoo Creek and Northerly of a line described as follows: commencing at the Southeast corner of the Northeast Quarter of the Northeast Quarter of said Section 30; thence running North along the East line of said Section 30, a distance of 860.81 feet to the Point of Beginning of the line to be described; thence running South 69 degrees 59 minutes West, 152.20 feet; thence South 77 degrees 29 minutes West, 172.99; thence South 84 degrees 49 minutes West, 177.61 feet; thence South 82 degrees 11 minutes West, 256.39 feet; thence South 89 degrees 21 minutes West, 327.56 feet; thence North 76 degrees 54 minutes West, 117.99 feet; thence North 39 degrees 47 minutes West, 86.70 feet; thence North 47 degrees 43 minutes West, 126.08 feet to the terminus of the line being described; situated in the County of Peoria, and State of Illinois. (Permanent Index Number: 13-30-200-013.)

Tract 15: The Southeast Quarter of Section 30, Township 9 North, Range 7 East of the Fourth Principal Meridian; situated in the County of Peoria, and the State of Illinois; subject to that portion used for or dedicated as public right of way.

ALSO, all the Southeast Quarter of the Northeast Quarter of Section 30, EXCEPT that part lying Southwesterly of a line that is parallel to and 130 feet Northeasterly of the centerline of Mine Road as it is now located; situated in the County of Peoria, and State of Illinois; ALSO, that part of the Northeast Quarter of Section 30, Township 9 North, Range 7 East of the Fourth Principal Meridian, Peoria County, Illinois, more particularly described as follows: All of the West Half of the Northeast Quarter of Section 30 lying southeasterly of the centerline of Taylor Road and Northeasterly of a line that is parallel to and 130 feet Northeasterly of the centerline of Mine Road as it is now located. Both parts being situated in Township 9 North, Range 7 East of the fourth Principal Meridian, Peoria County, Illinois, and containing 82.3 acres, more or less.

AND, ALSO, part of the Northeast Quarter of the Northeast Quarter of Section 30, Township 9 North, Range 7 East of the Fourth Principal Meridian, more particularly bounded and described as

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follows, to-wit: Beginning at the Southeast corner of the Northeast Quarter of the Northeast Quarter of said Section 30, and running thence South 89 degrees 21 minutes 30 seconds West along the South line of the Northeast Quarter of the Northeast Quarter of said Section 30, a distance of 180 feet, which is the Place of Beginning of the tract to be described; and from said Place of Beginning running thence North 427.69 feet; thence South 87 degrees 39 minutes West 603.76 feet; thence on a curve to the right with a radius of 228.35 feet and a central angle of 52 degrees 34 minutes, an arc distance of 209.5 feet; thence North 39 degrees 47 minutes West, 426.88 feet; thence North 47 degrees 43 minutes West, 126.08 feet to a point on the West line of the Northeast Quarter of the Northeast Quarter of said Section 30; thence south along the West line of the Northeast Quarter of said Northeast Quarter, 943.5 feet to the Southwest corner of the Northeast Quarter of said Northeast Quarter; thence running North 89 degrees 21 minutes 30 seconds East along the South line of the Northeast Quarter of said Northeast Quarter, 1153.0 feet to the Place of Beginning, such described premises constituting 13 acres, more or less, being in the County of Peoria and State of Illinois. (Permanent Index Number: 13-30-400-003.)

Tract 16: A part of the East Half of the Southwest Quarter of Section 19, Township 9 North, Range 7 East of the Fourth Principal Meridian, being more particularly described as follows: Commencing at the Southeast corner of the Southwest Quarter of said Section 19; thence Westerly along the South line of the Southwest Quarter of said Section 19, a distance of 110 feet, more or less, to a point on the Easterly right of way line of County Highway No. 18; thence Northwesterly along the Easterly right of way line of County Highway No. 18, a distance of 990 feet, more or less, to a point on the Easterly right of way line of County Highway No. 18 being 135 feet, more or less, normal distance Northeasterly of the survey line of County Highway No. 18 at Station 181+25; thence Northerly along the Easterly right of way line of County Highway No. 18, a distance of 810 feet, more or less, to a point on the South right of way line of Illinois State Route No. 8; thence Easterly along the South right of way line of Illinois State Route No. 8, a distance of 330 feet, more or less, to a point on the East line of the Southwest Quarter of said Section 19; thence Southerly along the East line of the Southwest Quarter of said Section 19, a distance of 1750 feet, more or less, to the Point of Beginning; situate, lying and being in the County of Peoria and State of Illinois. AND ALSO, a part of the East Half of the Southwest Quarter of Section 19, Township 9 North, Range 7 East of the Fourth Principal Meridian, being more particularly described as follows: Commencing at the Southeast corner of the Southwest Quarter of said Section 19; thence Northerly along the East line of the Southwest Quarter of said Section 19, a distance of 1830 feet, more or less, to a point on the Northerly right of way line of Illinois State Route No. 8, said point being the Point of Beginning of the tract to be described; thence continuing Northerly along the East line of the Southwest Quarter of said Section 19, a distance of 230 feet, more or less, to a point on the South right of way line of Powder Mill Road (Old Southport Road); thence in a Southwesterly direction along the Southerly right of way line of Old Southport Road, a distance of 380 feet, more or less, to a point on the Northerly right of way line of Illinois State Route No. 8; thence Easterly along the Northerly right of way line of Illinois State Route No. 8, a distance of 320 feet, more or less, to the Point of Beginning; situate, lying and being in the County of Peoria, and State of Illinois; EXCEPT, that part of the above-described real estate that lies within the right of way of the Chicago, Burlington and Quincy Railroad; FURTHER EXCEPTING the coal and other minerals underlying the surface of said land and all rights and easements in favor of the estate of said coal and minerals. (Permanent Index Number: 13-19-376-001.)

Tract 17: All that part of the West Half of the Southeast Quarter of Section 19 that lies South of the public road sometimes referred to as the Old Southport Road, that runs in an Easterly and Westerly direction near the North line of the South Half of said Section 19, situated in Township 9 North, Range 7 East of the Fourth Principal Meridian; situated in the County of Peoria and State of Illinois, EXCEPTING THEREFROM that part that lies within the right of way of the CB&Q RR, also EXCEPT the coal and other minerals underlying the surface of said land and all rights and easements in favor of the estate of said coal and minerals (Permanent Index Number: 13-19-451-002.)

Tracts 18 & 19:

A part of the Southeast Quarter of the Southwest Quarter of Section 21, and part of the Northeast Quarter of the Northwest Quarter of Section 28, all in Township 9 North, Range 7 East of

the Fourth Principal Meridian, more particularly described as follows, to-wit: Commencing at a point where the East line of the Southwest Quarter of said Section 21 intersects the right-of-way of the Chicago, Burlington and Quincy Railroad, running thence south to the centerline of Kickapoo Creek, running thence in a Northwesterly direction along the centerline of said Kickapoo Creek to the West line of the Northeast Quarter of the Northwest Quarter of said Section 28, running thence North along the West line of said Northeast Quarter of the Northwest Quarter of said Section 28, and continuing North along the West line of the Southeast Quarter of the Southwest Quarter of said Section 21, to the right-of-way of the Chicago, Burlington & Quincy Railroad, thence in a Southeasterly direction along the right-of-way of said railroad to the place of beginning; EXCEPTING, however, from said tract 20 acres of even width extending from the right-of-way of the Chicago, Burlington & Quincy Railroad on the North to the centerline of Kickapoo Creek on the South off of the East side of said tract, premises herein conveyed being 25 acres, more or less; situate, lying and being in the County of Peoria, and State of Illinois, said real estate being shown in a tract of survey of said premises dated April 29, 1971, and filed for record in the office of the Recorder of Deeds of Peoria County, Illinois, on June 15, 1971, in Tract Survey Plat Book Volume 3 at page 13. (Permanent Index Numbers: 13-28-100-002 and 13-21-300-008.)

Tract 20: Part of the West Half of the Northeast Quarter of Section 30, in Township 9 North, Range 7 East of the Fourth Principal Meridian, more particularly bounded and described as follow, to-wit: Beginning at the Northeast corner of the West Half of the Northeast Quarter of said Section 30 and running thence West along the North line of the Northeast Quarter of said Section 30, a distance of 889 feet, thence in a Southeasterly direction to a point in the East line of the West Half of the Northeast Quarter that is 175 feet South of the point of beginning, and thence North along the East line of the West Half of said Northeast Quarter 175 feet to the point of beginning; situated in the County of Peoria, and State of Illinois, EXCEPTING THEREFROM any and all coal and mineral rights previously reserved in or conveyed to others, and excepting that property previously conveyed for highway purposes. (Permanent Index Number: 13-30-200-002.)

Section 10. Conveyance of personal property to the Forest Park Foundation. Any conveyance made pursuant to Section 5 of this Act shall include the conveyance and transfer to the Forest Park Foundation of all right, title, and interest in the tools, vehicles, computers, records, equipment, supplies, animals, furniture, fixtures, and any and all State of Illinois owned personal property utilized in the operation and management of Wildlife Prairie State Park.

Section 15. Agreement. Prior to the return by conveyance of any real property to the Forest Park Foundation, the Director of Natural Resources shall enter into an agreement with the Forest Park Foundation and with the Friends of Wildlife Prairie State Park, a not-for-profit Illinois corporation, the intended subsequent owner or operator of the property to be returned to the Forest Park Foundation, that includes, but is not limited to, provisions that serve the following purposes:

(1) ensuring that the property returned to the Forest Park Foundation shall in perpetuity be used for educational, conservation, scientific, Illinois historic preservation, and public park purposes, and the promotion of natural resources, including the propagation of wild plants and flowers and domestic and wild animals; and

(2) providing, that lodging, resort, recreational facilities, and other commercial purposes, shall be allowable if, and only if, consistent and in furtherance of the public purpose uses described in item 1 of this Section; and

(3) requires the Forest Park Foundation to transfer Wildlife Prairie State Park and all personal property transferred pursuant to Section 10 of this Act to Friends of Wildlife Prairie State Park.

Section 20. Recording. The Director of Natural Resources shall obtain a certified copy of the portion of this Act containing the title, enacting clause, the effective date, and Section 5 which contains the land description of the property to be transferred or otherwise affected under this Act within 69 days after the execution of the agreement specified in Section 15 and, upon receipt of payment required by the Section 5, shall record the certified document in the recorder's office in the county in which the land is located.

Section 25. Return of real property. Upon the payment of the sum of \$10 to the State of Illinois, and subject to the conditions set forth in Section 30 of this Act, the Director of Natural Resources is authorized to return the land that was initially conveyed to the State of Illinois from the Pleasure Driveway and Park District of Peoria by a warranty deed executed on May 14, 2003, by conveying by quitclaim deed all right, title, and interest in and to the following described land in Peoria County, Illinois to the Pleasure Driveway and Park District of Peoria:

Tract 1: The Northerly 661 feet of the West Half of the Northeast Quarter of Section 20, Township 9 North, Range 7 East of the Fourth Principal Meridian, Peoria County, Illinois. (Permanent Index Number: 13-20-200-003).

Tract 2: The East Half of the Northeast Quarter of Section 20, Township 9 North, Range 7 East of the Fourth Principal Meridian, Peoria County, Illinois, EXCEPT a strip one and one-half rods wide at the widest point, off the Southwest corner of said East Half.

The West One-Half of the Northwest Quarter of Section 21, Township 9 North, Range 7 East of the fourth Principal Meridian, Peoria County, Illinois.

The East Half of the East Half of the Southeast Quarter of Section 20, Township 9 North, Range 7 East of the Fourth Principal Meridian; situated in the County of Peoria, and State of Illinois, EXCEPT for that portion thereof conveyed to or otherwise used by the State of Illinois for highway purposes for State Route No. 8, AND EXCEPT for that portion thereof within the CB&Q railroad right of way; AND EXCEPT for a tract commencing at the East Quarter corner of said Section 20, thence South 0 degrees 20 minutes 27 seconds East, 1686.50 feet to a point on the existing centerline of FAS Route 384 (S.A. Route 11) (Illinois Marked Route 8); thence Westerly along a curve of the said centerline concave to the South, an arc distance of 72.70 feet, said curve having a radius of 7813.06 feet, and a long chord of 72.70 feet bearing North 87 degrees 40 minutes 30 seconds West; thence North 87 degrees 56 minutes 29 seconds West, 599.89 feet along said centerline; thence North 0 degrees 02 minutes 33 seconds West, 30.02 feet to a point on the existing Northerly right of way line of said FAS Route 384, said point being 30.0 feet normally distant Northerly of said centerline and also the Point of Beginning; from said Point of Beginning, thence North 0 degrees 02 minutes 33 seconds West, 30.02 feet to a point 60.00 feet normally distant Northerly of said centerline; thence South 87 degrees 56 minutes 29 seconds East, 69.86 feet parallel with said centerline; thence South 2 degrees 03 minutes 31 seconds West, 30.00 feet to a point on the existing Northerly right-of-way line; thence North 87 degrees 56 minutes 29 seconds West, 68.75 feet along said Northerly right of way to the Point of Beginning. (Permanent Index Number: 13-20-200-007)

Tract 3: The East Half of the Northeast Quarter of the Northeast Quarter of Section 29, Township 9 North, Range 7 East of the Fourth Principal Meridian; EXCEPT a strip commencing on the East line of said tract ten rods North of the Southeast corner of the same; thence West 40 rods; thence North one rod; thence East 40 rods; thence South one rod to the Place of Beginning; situated in the County of Peoria, and State of Illinois. (Permanent Index Number: 13-29-200-007)

Tract 4: The East One-Half of the Southeast Quarter of Section 17, Township 9 North, Range 7 East of the Fourth Principal Meridian, EXCEPT that part of said tract conveyed to the State of Illinois for highway purposes, described as follows: Beginning at the Northwest corner of the Northeast Quarter of the Southeast Quarter of said Section 17, said point being 21.8 feet distant Southwesterly at right angles from the survey line of Federal Aid Interstate Route 74; running thence North 89 degrees 58 minutes East, 433.07 feet along the Northerly line of said Northeast Quarter of the Southeast Quarter of said Section 17 to a point which is 180.0 feet distant, Northeasterly at right angles, from the survey line of said Route 74; thence South 62 degrees 16 minutes East, 1000.21 feet to the Easterly line of said Northeast Quarter of the Southeast Quarter of said Section 17, at a point thereon which is 180.0 feet distant, Northeasterly at right angles, from the survey line of said Route 74; thence South 0 degrees 52 minutes West, 381.14 feet along the Easterly line of said Northeast Quarter of the

Southeast Quarter of said Section 17, to a point which is 160.0 feet distant Southwesterly at right angles from the survey line of said Route 74; thence North 62 degrees 16 minutes West, 1,484.71 feet to the Southwesterly line of said Northeast Quarter of the Southeast Quarter of said Section 17 at a point thereon which is 160.0 feet distant Southwesterly at right angles from the survey line of said Route 74; thence North 0 degrees 34 minutes East, 155.34 feet along the Westerly line of said Northeast Quarter of the Southeast Quarter of said Section 17 to the Point of Beginning; situated in the County of Peoria, and State of Illinois.

ALSO, the West Half of the Southwest Quarter of Section 16, Township 9 North, Range 7 East of the Fourth Principal Meridian, Peoria County, Illinois, EXCEPT that part of said tract conveyed to the State of Illinois for highway purposes, described as follows: Commencing at the Northwest corner of said Southwest Quarter of said Section 16, running thence South 0 degrees 52 minutes West, 466.12 feet, along the West line of said Southwest Quarter of said Section 16, to a point which is 180.0 feet distant, Northeasterly, at right angles, from the survey line of Federal Aid Interstate Route 74, said point being the Point of Beginning; from the Point of Beginning, running thence South 59 degrees 01 minute East, 530.39 feet, to a point which is 150.0 feet distant Northeasterly, at right angles, from the survey line of said Route 74; thence South 62 degrees 16 minutes East, 400.0 feet to a point which is 150.0 feet distant Northeasterly, at right angles, from the survey line of said Route 74; thence South 72 degrees 53 minutes East, 406.97 feet to a point which is 225.0 feet distant Northeasterly, at right angles, from the survey line of said Route 74; thence South 47 degrees 00 minutes East, 170.94 feet, to the East line of the West Half of said Southwest Quarter of said Section 16, at a point thereon which is 180.0 feet distant Northeasterly, at right angles, from the survey line of said Route 74; thence South 1 degree 08 minutes West, 385.84 feet, along the East line of said West Half of the Southwest Quarter of said Section 16, to a point which is 165.0 feet distant Southwesterly, at right angles, from the survey line of said Route 74; thence North 79 degrees 46 minutes West, 249.23 feet, to a point which is 240.0 feet distant Southwesterly, at right angles, from the survey line of said Route 74; thence North 31 degrees 18 minutes West, 174.93 feet, to a point which is 150.0 feet distant Southwesterly, at right angles, from the survey line of said Route 74; thence North 62 degrees 47 minutes West, 1,107.33 feet, to the West line of the Southwest Quarter of said Section 16 at a point which is 160.0 feet distant Southwesterly, at right angles, from the survey line of said Route 74; thence North 0 degrees 52 minutes East, 381.14 feet, along the West line of said Southwest Quarter of said Section 16 to the Point of Beginning. (Permanent Index Number: 13-17-426-003)

Tract 5: An easement for ingress and egress 30 feet in width, more particularly described as follows: Commencing at the Northwest corner of the Southwest Quarter of Section 21, Township 9 North, Range 7 East of the Fourth Principal Meridian, Peoria County, Illinois; running thence South along the West line of said Section 21 to Illinois State Route 8; running thence Easterly along the North line of said State Route 8 to a point which is 30 feet East of the West line of said Section 21; running thence North and parallel with the West line of said Section 21 to the North line of the Southwest Quarter of Section 21; running thence West along said North line of the Southwest Quarter 30 feet to the Point of Beginning. (Permanent Index Number: Part of 13-21-300-025)

Section 30. Recording. The Director of Natural Resources shall obtain a certified copy of the portion of this Act containing the title, enacting clause, the effective date, and Section 25 which contains the land description of the property to be transferred or otherwise affected under this Act within 69 days after the effective date and, upon receipt of payment required by the Section 25, shall record the certified document in the recorder's office in the county in which the land is located.

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

The motion prevailed.

And the amendment was adopted and ordered printed.

There being no further amendments, the bill, as amended, was ordered to a third reading.

READING BILLS FROM THE HOUSE OF REPRESENTATIVES A THIRD TIME

[May 28, 2012]

On motion of Senator Koehler, **House Bill No. 3611** having been printed as received from the House of Representatives, together with all Senate Amendments adopted thereto, was taken up and read by title a third time.

And the question being, “Shall this bill pass?” it was decided in the affirmative by the following vote:

YEAS 51; NAYS None.

The following voted in the affirmative:

Althoff	Garrett	Landek	Pankau
Bivins	Haine	Lightford	Radogno
Bomke	Harmon	Link	Raoul
Brady	Holmes	Maloney	Rezin
Clayborne	Hunter	Martinez	Righter
Collins, A.	Hutchinson	McCann	Sandack
Collins, J.	Jacobs	McCarter	Schmidt
Crotty	Johnson, C.	McGuire	Steans
Cultra	Johnson, T.	Millner	Sullivan
Dillard	Jones, E.	Mulroe	Syverson
Duffy	Jones, J.	Muñoz	Trotter
Forby	Koehler	Murphy	Mr. President
Frerichs	LaHood	Noland	

This bill, having received the vote of a constitutional majority of the members elected, was declared passed, and all amendments not adopted were tabled pursuant to Senate Rule No. 5-4(a).

Ordered that the Secretary inform the House of Representatives thereof and ask their concurrence in the Senate Amendments adopted thereto.

On motion of Senator Muñoz, **House Bill No. 4674** having been printed as received from the House of Representatives, together with all Senate Amendments adopted thereto, was taken up and read by title a third time.

And the question being, “Shall this bill pass?” it was decided in the affirmative by the following vote:

YEAS 50; NAYS None.

The following voted in the affirmative:

Althoff	Garrett	Lightford	Radogno
Bivins	Haine	Link	Raoul
Bomke	Holmes	Maloney	Rezin
Brady	Hunter	Martinez	Righter
Clayborne	Hutchinson	McCann	Sandack
Collins, A.	Jacobs	McCarter	Sandoval
Collins, J.	Johnson, C.	McGuire	Schmidt
Crotty	Johnson, T.	Millner	Steans
Cultra	Jones, E.	Mulroe	Sullivan
Dillard	Jones, J.	Muñoz	Trotter
Duffy	Koehler	Murphy	Mr. President
Forby	LaHood	Noland	
Frerichs	Landek	Pankau	

This bill, having received the vote of a constitutional majority of the members elected, was declared passed, and all amendments not adopted were tabled pursuant to Senate Rule No. 5-4(a).

Ordered that the Secretary inform the House of Representatives thereof and ask their concurrence in the Senate Amendment adopted thereto.

[May 28, 2012]

HOUSE BILL RECALLED

On motion of Senator Forby, **House Bill No. 4819** was recalled from the order of third reading to the order of second reading.

Senator Forby offered the following amendment and moved its adoption:

AMENDMENT NO. 1 TO HOUSE BILL 4819

AMENDMENT NO. 1. Amend House Bill 4819 by replacing everything after the enacting clause with the following:

"Section 5. The Wildlife Code is amended by changing Sections 2.25, 2.26, and 2.33 and by adding Sections 1.2j-1 and 2.5 as follows:

(520 ILCS 5/1.2j-1 new)

Sec. 1.2j-1. "Bow and arrow" means a longbow, recurve bow, compound bow, or crossbow.

(520 ILCS 5/2.5 new)

Sec. 2.5. Crossbow conditions. A person may use a crossbow if one or more of the following conditions are met:

(1) the user is a person age 62 and older;

(2) the user is a handicapped person to whom the Director has issued a permit to use a crossbow, as provided by administrative rule; or

(3) the date of using the crossbow is during the period of the second Monday following the Thanksgiving holiday through the last day of the archery deer hunting season (both inclusive) set annually by the Director.

As used in this Section, "handicapped person" means a person who has a physical impairment due to injury or disease, congenital or acquired, which renders them so severely disabled as to be unable to use a longbow, recurve bow, or compound bow. Permits must be issued only after the receipt of a physician's statement confirming the applicant is handicapped as defined above.

(520 ILCS 5/2.25) (from Ch. 61, par. 2.25)

Sec. 2.25. It shall be unlawful for any person to take deer except (i) with a shotgun, handgun, or muzzleloading rifle or (ii) as provided by administrative rule, with a bow and arrow, ~~or crossbow device for handicapped persons, as defined in Section 2.33, and persons age 62 or older~~ during the open season of not more than 14 days which will be set annually by the Director between the dates of November 1st and December 31st, both inclusive, or a special 2-day, youth-only season between the dates of September 1 and October 31. For the purposes of this Section, legal handguns include any centerfire handguns of .30 caliber or larger with a minimum barrel length of 4 inches. The only legal ammunition for a centerfire handgun is a cartridge of .30 caliber or larger with a capability of at least 500 foot pounds of energy at the muzzle. Full metal jacket bullets may not be used to harvest deer.

The Department shall make administrative rules concerning management restrictions applicable to the firearm and bow and arrow season.

It shall be unlawful for any person to take deer except with a bow and arrow, ~~or crossbow device for handicapped persons, as defined in Section 2.33, and persons age 62 or older~~ during the open season for bow and arrow set annually by the Director between the dates of September 1st and January 31st, both inclusive.

It shall be unlawful for any person to take deer except with (i) a muzzleloading rifle, or (ii) bow and arrow, ~~or crossbow device for handicapped persons, as defined in Section 2.33, and persons age 62 or older~~ during the open season for muzzleloading rifles set annually by the Director.

The Director shall cause an administrative rule setting forth the prescribed rules and regulations, including bag and possession limits and those counties of the State where open seasons are established, to be published in accordance with Sections 1.3 and 1.13 of this Act.

The Department may establish separate harvest periods for the purpose of managing or eradicating disease that has been found in the deer herd. This season shall be restricted to gun or bow and arrow hunting only. The Department shall publicly announce, via statewide news release, the season dates and shooting hours, the counties and sites open to hunting, permit requirements, application dates, hunting rules, legal weapons, and reporting requirements.

The Department is authorized to establish a separate harvest period at specific sites within the State for the purpose of harvesting surplus deer that cannot be taken during the regular season provided for the taking of deer. This season shall be restricted to gun or bow and arrow hunting only and shall be established during the period of September 1st to February 15th, both inclusive. The Department shall

[May 28, 2012]

publish suitable prescribed rules and regulations established by administrative rule pertaining to management restrictions applicable to this special harvest program. The Department shall allow unused gun deer permits that are left over from a regular season for the taking of deer to be rolled over and used during any separate harvest period held within 6 months of the season for which those tags were issued at no additional cost to the permit holder subject to the management restrictions applicable to the special harvest program.

(Source: P.A. 94-919, eff. 6-26-06; 95-13, eff. 1-1-08; 95-329, eff. 8-21-07; 95-876, eff. 8-21-08.)

(520 ILCS 5/2.26) (from Ch. 61, par. 2.26)

Sec. 2.26. Deer hunting permits. In this Section, "bona fide equity shareholder" means an individual who (1) purchased, for market price, publicly sold stock shares in a corporation, purchased shares of a privately-held corporation for a value equal to the percentage of the appraised value of the corporate assets represented by the ownership in the corporation, or is a member of a closely-held family-owned corporation and has purchased or been gifted with shares of stock in the corporation accurately reflecting his or her percentage of ownership and (2) intends to retain the ownership of the shares of stock for at least 5 years.

In this Section, "bona fide equity member" means an individual who (1) (i) became a member upon the formation of the limited liability company or (ii) has purchased a distributional interest in a limited liability company for a value equal to the percentage of the appraised value of the LLC assets represented by the distributional interest in the LLC and subsequently becomes a member of the company pursuant to Article 30 of the Limited Liability Company Act and who (2) intends to retain the membership for at least 5 years.

In this Section, "bona fide equity partner" means an individual who (1) (i) became a partner, either general or limited, upon the formation of a partnership or limited partnership, or (ii) has purchased, acquired, or been gifted a partnership interest accurately representing his or her percentage distributional interest in the profits, losses, and assets of a partnership or limited partnership, (2) intends to retain ownership of the partnership interest for at least 5 years, and (3) is a resident of Illinois.

Any person attempting to take deer shall first obtain a "Deer Hunting Permit" issued by the Department in accordance with its administrative rules. Those rules must provide for the issuance of the following types of resident deer archery permits: (i) a combination permit, consisting of one either-sex permit and one antlerless-only permit, (ii) a single antlerless-only permit, and (iii) a single either-sex permit. The fee for a Deer Hunting Permit to take deer with either bow and arrow or gun shall not exceed \$25.00 for residents of the State. The Department may by administrative rule provide for non-resident deer hunting permits for which the fee will not exceed \$300 in 2005, \$350 in 2006, and \$400 in 2007 and thereafter except as provided below for non-resident landowners and non-resident archery hunters. The Department may by administrative rule provide for a non-resident archery deer permit consisting of not more than 2 harvest tags at a total cost not to exceed \$325 in 2005, \$375 in 2006, and \$425 in 2007 and thereafter. Permits shall be issued without charge to:

(a) Illinois landowners residing in Illinois who own at least 40 acres of Illinois land and wish to hunt their land only,

(b) resident tenants of at least 40 acres of commercial agricultural land where they will hunt, and

(c) Bona fide equity shareholders of a corporation, bona fide equity members of a limited liability company, or bona fide equity partners of a general or limited partnership which owns at least 40 acres of land in a county in Illinois who wish to hunt on the corporation's, company's, or partnership's land only. One permit shall be issued without charge to one bona fide equity shareholder, one bona fide equity member, or one bona fide equity partner for each 40 acres of land owned by the corporation, company, or partnership in a county; however, the number of permits issued without charge to bona fide equity shareholders of any corporation or bona fide equity members of a limited liability company in any county shall not exceed 15, and shall not exceed 3 in the case of bona fide equity partners of a partnership.

Bona fide landowners or tenants who do not wish to hunt only on the land they own, rent, or lease or bona fide equity shareholders, bona fide equity members, or bona fide equity partners who do not wish to hunt only on the land owned by the corporation, limited liability company, or partnership shall be charged the same fee as the applicant who is not a landowner, tenant, bona fide equity shareholder, bona fide equity member, or bona fide equity partner. Nonresidents of Illinois who own at least 40 acres of land and wish to hunt on their land only shall be charged a fee set by administrative rule. The method for obtaining these permits shall be prescribed by administrative rule.

The deer hunting permit issued without fee shall be valid on all farm lands which the person to whom it is issued owns, leases or rents, except that in the case of a permit issued to a bona fide equity

shareholder, bona fide equity member, or bona fide equity partner, the permit shall be valid on all lands owned by the corporation, limited liability company, or partnership in the county.

The standards and specifications for use of guns and bow and arrow for deer hunting shall be established by administrative rule.

No person may have in his possession any firearm not authorized by administrative rule for a specific hunting season when taking deer.

Persons having a firearm deer hunting permit shall be permitted to take deer only during the period from 1/2 hour before sunrise to 1/2 hour after sunset, and only during those days for which an open season is established for the taking of deer by use of shotgun, handgun, or muzzle loading rifle.

Persons having an archery deer hunting permit shall be permitted to take deer only during the period from 1/2 hour before sunrise to 1/2 hour after sunset, and only during those days for which an open season is established for the taking of deer by use of bow and arrow.

It shall be unlawful for any person to take deer by use of dogs, horses, automobiles, aircraft or other vehicles, or by the use or aid of bait or baiting of any kind. For the purposes of this Section, "bait" means any material, whether liquid or solid, including food, salt, minerals, and other products that can be ingested, placed, or scattered in such a manner as to attract or lure white-tailed deer. "Baiting" means the placement or scattering of bait to attract deer. An area is considered as baited during the presence of and for 10 consecutive days following the removal of bait. Nothing in this Section shall prohibit the use of a dog to track wounded deer. Any person using a dog for tracking wounded deer must maintain physical control of the dog at all times by means of a maximum 50 foot lead attached to the dog's collar or harness. Tracking wounded deer is permissible at night, but at no time outside of legal deer hunting hours or seasons shall any person handling or accompanying a dog being used for tracking wounded deer be in possession of any firearm or archery device. Persons tracking wounded deer with a dog during the firearm deer seasons shall wear blaze orange as required. Dog handlers tracking wounded deer with a dog are exempt from hunting license and deer permit requirements so long as they are accompanied by the licensed deer hunter who wounded the deer.

It shall be unlawful to possess or transport any wild deer which has been injured or killed in any manner upon a public highway or public right-of-way of this State unless exempted by administrative rule.

Persons hunting deer must have gun unloaded and no bow and arrow device shall be carried with the arrow in the nocked position during hours when deer hunting is unlawful.

It shall be unlawful for any person, having taken the legal limit of deer by gun, to further participate with gun in any deer hunting party.

It shall be unlawful for any person, having taken the legal limit of deer by bow and arrow, to further participate with bow and arrow in any deer hunting party.

The Department may prohibit upland game hunting during the gun deer season by administrative rule.

The Department shall not limit the number of non-resident either sex archery deer hunting permits to less than 20,000.

~~It shall be legal for handicapped persons, as defined in Section 2.33, and persons age 62 or older to utilize a crossbow device, as defined in Department rules, to take deer.~~

Any person who violates any of the provisions of this Section, including administrative rules, shall be guilty of a Class B misdemeanor.

For the purposes of calculating acreage under this Section, the Department shall, after determining the total acreage of the applicable tract or tracts of land, round remaining fractional portions of an acre greater than or equal to half of an acre up to the next whole acre.

For the purposes of taking white-tailed deer, nothing in this Section shall be construed to prevent the manipulation, including mowing or cutting, of standing crops as a normal agricultural or soil stabilization practice, food plots, or normal agricultural practices, including planting, harvesting, and maintenance such as cultivating or the use of products designed for scent only and not capable of ingestion, solid or liquid, placed or scattered, in such a manner as to attract or lure deer. Such manipulation for the purpose of taking white-tailed deer may be further modified by administrative rule. (Source: P.A. 96-162, eff. 1-1-10; 96-831, eff. 1-1-10; 96-1042, eff. 1-1-11; 97-564, eff. 8-25-11.)

(520 ILCS 5/2.33) (from Ch. 61, par. 2.33)

Sec. 2.33. Prohibitions.

(a) It is unlawful to carry or possess any gun in any State refuge unless otherwise permitted by administrative rule.

(b) It is unlawful to use or possess any snare or snare-like device, deadfall, net, or pit trap to take any species, except that snares not powered by springs or other mechanical devices may be used to trap fur-bearing mammals, in water sets only, if at least one-half of the snare noose is located underwater at all

times.

(c) It is unlawful for any person at any time to take a wild mammal protected by this Act from its den by means of any mechanical device, spade, or digging device or to use smoke or other gases to dislodge or remove such mammal except as provided in Section 2.37.

(d) It is unlawful to use a ferret or any other small mammal which is used in the same or similar manner for which ferrets are used for the purpose of frightening or driving any mammals from their dens or hiding places.

(e) (Blank).

(f) It is unlawful to use spears, gigs, hooks or any like device to take any species protected by this Act.

(g) It is unlawful to use poisons, chemicals or explosives for the purpose of taking any species protected by this Act.

(h) It is unlawful to hunt adjacent to or near any peat, grass, brush or other inflammable substance when it is burning.

(i) It is unlawful to take, pursue or intentionally harass or disturb in any manner any wild birds or mammals by use or aid of any vehicle or conveyance, except as permitted by the Code of Federal Regulations for the taking of waterfowl. It is also unlawful to use the lights of any vehicle or conveyance or any light from or any light connected to the vehicle or conveyance in any area where wildlife may be found except in accordance with Section 2.37 of this Act; however, nothing in this Section shall prohibit the normal use of headlamps for the purpose of driving upon a roadway. Striped skunk, opossum, red fox, gray fox, raccoon and coyote may be taken during the open season by use of a small light which is worn on the body or hand-held by a person on foot and not in any vehicle.

(j) It is unlawful to use any shotgun larger than 10 gauge while taking or attempting to take any of the species protected by this Act.

(k) It is unlawful to use or possess in the field any shotgun shell loaded with a shot size larger than lead BB or steel T (.20 diameter) when taking or attempting to take any species of wild game mammals (excluding white-tailed deer), wild game birds, migratory waterfowl or migratory game birds protected by this Act, except white-tailed deer as provided for in Section 2.26 and other species as provided for by subsection (l) or administrative rule.

(l) It is unlawful to take any species of wild game, except white-tailed deer, with a shotgun loaded with slugs unless otherwise provided for by administrative rule.

(m) It is unlawful to use any shotgun capable of holding more than 3 shells in the magazine or chamber combined, except on game breeding and hunting preserve areas licensed under Section 3.27 and except as permitted by the Code of Federal Regulations for the taking of waterfowl. If the shotgun is capable of holding more than 3 shells, it shall, while being used on an area other than a game breeding and shooting preserve area licensed pursuant to Section 3.27, be fitted with a one piece plug that is irremovable without dismantling the shotgun or otherwise altered to render it incapable of holding more than 3 shells in the magazine and chamber, combined.

(n) It is unlawful for any person, except persons who possess a permit to hunt from a vehicle as provided in this Section and persons otherwise permitted by law, to have or carry any gun in or on any vehicle, conveyance or aircraft, unless such gun is unloaded and enclosed in a case, except that at field trials authorized by Section 2.34 of this Act, unloaded guns or guns loaded with blank cartridges only, may be carried on horseback while not contained in a case, or to have or carry any bow or arrow device in or on any vehicle unless such bow or arrow device is unstrung or enclosed in a case, or otherwise made inoperable.

(o) It is unlawful to use any crossbow for the purpose of taking any wild birds or mammals, except as provided for in Section ~~2.5~~ ~~2.33~~.

(p) It is unlawful to take game birds, migratory game birds or migratory waterfowl with a rifle, pistol, revolver or airgun.

(q) It is unlawful to fire a rifle, pistol, revolver or airgun on, over or into any waters of this State, including frozen waters.

(r) It is unlawful to discharge any gun or bow and arrow device along, upon, across, or from any public right-of-way or highway in this State.

(s) It is unlawful to use a silencer or other device to muffle or mute the sound of the explosion or report resulting from the firing of any gun.

(t) It is unlawful for any person to trap or hunt, or intentionally or wantonly allow a dog to hunt, within or upon the land of another, or upon waters flowing over or standing on the land of another, without first obtaining permission from the owner or tenant. It shall be prima facie evidence that a person does not have permission of the owner or tenant if the person is unable to demonstrate to the law enforcement officer in the field that permission had been obtained. This provision may only be rebutted

by testimony of the owner or tenant that permission had been given. Before enforcing this Section the law enforcement officer must have received notice from the owner or tenant of a violation of this Section. Statements made to the law enforcement officer regarding this notice shall not be rendered inadmissible by the hearsay rule when offered for the purpose of showing the required notice.

(u) It is unlawful for any person to discharge any firearm for the purpose of taking any of the species protected by this Act, or hunt with gun or dog, or intentionally or wantonly allow a dog to hunt, within 300 yards of an inhabited dwelling without first obtaining permission from the owner or tenant, except that while trapping, hunting with bow and arrow, hunting with dog and shotgun using shot shells only, or hunting with shotgun using shot shells only, or on licensed game breeding and hunting preserve areas, as defined in Section 3.27, on property operated under a Migratory Waterfowl Hunting Area Permit, on federally owned and managed lands and on Department owned, managed, leased or controlled lands, a 100 yard restriction shall apply.

(v) It is unlawful for any person to remove fur-bearing mammals from, or to move or disturb in any manner, the traps owned by another person without written authorization of the owner to do so.

(w) It is unlawful for any owner of a dog to knowingly or wantonly allow his or her dog to pursue, harass or kill deer, except that nothing in this Section shall prohibit the tracking of wounded deer with a dog in accordance with the provisions of Section 2.26 of this Code.

(x) It is unlawful for any person to wantonly or carelessly injure or destroy, in any manner whatsoever, any real or personal property on the land of another while engaged in hunting or trapping thereon.

(y) It is unlawful to hunt wild game protected by this Act between one half hour after sunset and one half hour before sunrise, except that hunting hours between one half hour after sunset and one half hour before sunrise may be established by administrative rule for fur-bearing mammals.

(z) It is unlawful to take any game bird (excluding wild turkeys and crippled pheasants not capable of normal flight and otherwise irretrievable) protected by this Act when not flying. Nothing in this Section shall prohibit a person from carrying an uncased, unloaded shotgun in a boat, while in pursuit of a crippled migratory waterfowl that is incapable of normal flight, for the purpose of attempting to reduce the migratory waterfowl to possession, provided that the attempt is made immediately upon downing the migratory waterfowl and is done within 400 yards of the blind from which the migratory waterfowl was downed. This exception shall apply only to migratory game birds that are not capable of normal flight. Migratory waterfowl that are crippled may be taken only with a shotgun as regulated by subsection (j) of this Section using shotgun shells as regulated in subsection (k) of this Section.

(aa) It is unlawful to use or possess any device that may be used for tree climbing or cutting, while hunting fur-bearing mammals, excluding coyotes.

(bb) It is unlawful for any person, except licensed game breeders, pursuant to Section 2.29 to import, carry into, or possess alive in this State any species of wildlife taken outside of this State, without obtaining permission to do so from the Director.

(cc) It is unlawful for any person to have in his or her possession any freshly killed species protected by this Act during the season closed for taking.

(dd) It is unlawful to take any species protected by this Act and retain it alive except as provided by administrative rule.

(ee) It is unlawful to possess any rifle while in the field during gun deer season except as provided in Section 2.26 and administrative rules.

(ff) It is unlawful for any person to take any species protected by this Act, except migratory waterfowl, during the gun deer hunting season in those counties open to gun deer hunting, unless he or she wears, when in the field, a cap and upper outer garment of a solid blaze orange color, with such articles of clothing displaying a minimum of 400 square inches of blaze orange material.

(gg) It is unlawful during the upland game season for any person to take upland game with a firearm unless he or she wears, while in the field, a cap of solid blaze orange color. For purposes of this Act, upland game is defined as Bobwhite Quail, Hungarian Partridge, Ring-necked Pheasant, Eastern Cottontail and Swamp Rabbit.

(hh) It shall be unlawful to kill or cripple any species protected by this Act for which there is a daily bag limit without making a reasonable effort to retrieve such species and include such in the daily bag limit.

(ii) This Section shall apply only to those species protected by this Act taken within the State. Any species or any parts thereof, legally taken in and transported from other states or countries, may be possessed within the State, except as provided in this Section and Sections 2.35, 2.36 and 3.21.

(jj) (Blank). ~~Nothing contained in this Section shall prohibit the use of bow and arrow, prohibit the use of a crossbow by persons age 62 or older, or prevent the Director from issuing permits to use a crossbow~~

~~to handicapped persons as provided by administrative rule. As used herein, "handicapped persons" means those persons who have a physical impairment due to injury or disease, congenital or acquired, which renders them so severely disabled as to be unable to use a conventional bow and arrow device. Permits must be issued only after the receipt of a physician's statement confirming the applicant is handicapped as defined above.~~

(kk) Nothing contained in this Section shall prohibit the Director from issuing permits to paraplegics or to other disabled persons who meet the requirements set forth in administrative rule to shoot or hunt from a vehicle as provided by that rule, provided that such is otherwise in accord with this Act.

(ll) Nothing contained in this Act shall prohibit the taking of aquatic life protected by the Fish and Aquatic Life Code or birds and mammals protected by this Act, except deer and fur-bearing mammals, from a boat not camouflaged or disguised to alter its identity or to further provide a place of concealment and not propelled by sail or mechanical power. However, only shotguns not larger than 10 gauge nor smaller than .410 bore loaded with not more than 3 shells of a shot size no larger than lead BB or steel T (.20 diameter) may be used to take species protected by this Act.

(mm) Nothing contained in this Act shall prohibit the use of a shotgun, not larger than 10 gauge nor smaller than a 20 gauge, with a rifled barrel.

(Source: P.A. 96-390, eff. 8-13-09; 97-645, eff. 12-30-11.)

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

The motion prevailed.

And the amendment was adopted and ordered printed.

There being no further amendments, the bill, as amended, was ordered to a third reading.

READING BILLS FROM THE HOUSE OF REPRESENTATIVES A THIRD TIME

On motion of Senator Forby, **House Bill No. 4819** having been printed as received from the House of Representatives, together with all Senate Amendments adopted thereto, was taken up and read by title a third time.

And the question being, "Shall this bill pass?" it was decided in the affirmative by the following vote:

YEAS 48; NAYS None.

The following voted in the affirmative:

Althoff	Haine	Link	Rezin
Bivins	Holmes	Maloney	Righter
Bomke	Hunter	McCann	Sandack
Brady	Hutchinson	McCarter	Sandoval
Clayborne	Jacobs	McGuire	Schmidt
Collins, A.	Johnson, C.	Millner	Steans
Crotty	Johnson, T.	Mulroe	Sullivan
Cultra	Jones, E.	Muñoz	Trotter
Dillard	Jones, J.	Murphy	Mr. President
Duffy	Koehler	Noland	
Forby	LaHood	Pankau	
Frerichs	Landek	Radogno	
Garrett	Lightford	Raoul	

This bill, having received the vote of a constitutional majority of the members elected, was declared passed, and all amendments not adopted were tabled pursuant to Senate Rule No. 5-4(a).

Ordered that the Secretary inform the House of Representatives thereof and ask their concurrence in the Senate Amendment adopted thereto.

On motion of Senator Harmon, **House Bill No. 4940** having been printed as received from the House of Representatives, together with all Senate Amendments adopted thereto, was taken up and read by title a third time.

[May 28, 2012]

And the question being, “Shall this bill pass?” it was decided in the affirmative by the following vote:

YEAS 48; NAYS None; Present 1.

The following voted in the affirmative:

Althoff	Garrett	Lightford	Raoul
Bivins	Haine	Link	Rezin
Bomke	Harmon	Maloney	Righter
Brady	Holmes	Martinez	Sandack
Clayborne	Hunter	McCann	Schmidt
Collins, A.	Hutchinson	McGuire	Steans
Collins, J.	Jacobs	Millner	Sullivan
Crotty	Johnson, C.	Mulroe	Trotter
Cultra	Johnson, T.	Muñoz	Mr. President
Dillard	Jones, E.	Murphy	
Duffy	Jones, J.	Noland	
Forby	Koehler	Pankau	
Frerichs	Landek	Radogno	

The following voted present:

Sandoval

This bill, having received the vote of a constitutional majority of the members elected, was declared passed, and all amendments not adopted were tabled pursuant to Senate Rule No. 5-4(a).

Ordered that the Secretary inform the House of Representatives thereof and ask their concurrence in the Senate Amendment adopted thereto.

On motion of Senator Righter, **House Bill No. 4966** having been printed as received from the House of Representatives, together with all Senate Amendments adopted thereto, was taken up and read by title a third time.

And the question being, “Shall this bill pass?” it was decided in the affirmative by the following vote:

YEAS 51; NAYS None.

The following voted in the affirmative:

Althoff	Garrett	Landek	Pankau
Bivins	Haine	Lightford	Radogno
Bomke	Harmon	Link	Raoul
Brady	Holmes	Maloney	Rezin
Clayborne	Hunter	Martinez	Righter
Collins, A.	Hutchinson	McCann	Sandack
Collins, J.	Jacobs	McCarter	Sandoval
Crotty	Johnson, C.	McGuire	Schmidt
Cultra	Johnson, T.	Millner	Steans
Dillard	Jones, E.	Mulroe	Sullivan
Duffy	Jones, J.	Muñoz	Trotter
Forby	Koehler	Murphy	Mr. President
Frerichs	LaHood	Noland	

This bill, having received the vote of a constitutional majority of the members elected, was declared passed, and all amendments not adopted were tabled pursuant to Senate Rule No. 5-4(a).

Ordered that the Secretary inform the House of Representatives thereof.

On motion of Senator Sandoval, **House Bill No. 4982** having been printed as received from the House of Representatives, together with all Senate Amendments adopted thereto, was taken up and read by title a third time.

And the question being, "Shall this bill pass?" it was decided in the affirmative by the following vote:

YEAS 47; NAYS None; Present 1.

The following voted in the affirmative:

Althoff	Garrett	LaHood	Murphy
Bivins	Haine	Landek	Noland
Bomke	Harmon	Lightford	Pankau
Brady	Holmes	Link	Rezin
Clayborne	Hunter	Maloney	Sandack
Collins, A.	Hutchinson	Martinez	Sandoval
Collins, J.	Jacobs	McCann	Schmidt
Crotty	Johnson, C.	McCarter	Steans
Cultra	Johnson, T.	McGuire	Sullivan
Dillard	Jones, E.	Millner	Trotter
Forby	Jones, J.	Mulroe	Mr. President
Frerichs	Koehler	Muñoz	

The following voted present:

Raoul

This bill, having received the vote of a constitutional majority of the members elected, was declared passed, and all amendments not adopted were tabled pursuant to Senate Rule No. 5-4(a).

Ordered that the Secretary inform the House of Representatives thereof.

On motion of Senator Raoul, **House Bill No. 4991** having been printed as received from the House of Representatives, together with all Senate Amendments adopted thereto, was taken up and read by title a third time.

And the question being, "Shall this bill pass?" it was decided in the affirmative by the following vote:

YEAS 51; NAYS None; Present 1.

The following voted in the affirmative:

Althoff	Garrett	Landek	Pankau
Bivins	Haine	Lightford	Radogno
Bomke	Harmon	Link	Raoul
Brady	Holmes	Maloney	Rezin
Clayborne	Hunter	Martinez	Righter
Collins, A.	Hutchinson	McCann	Sandack
Collins, J.	Jacobs	McCarter	Schmidt
Crotty	Johnson, C.	McGuire	Steans
Cultra	Johnson, T.	Millner	Sullivan
Dillard	Jones, E.	Mulroe	Syverson
Duffy	Jones, J.	Muñoz	Trotter
Forby	Koehler	Murphy	Mr. President
Frerichs	LaHood	Noland	

The following voted present:

Sandoval

[May 28, 2012]

This bill, having received the vote of a constitutional majority of the members elected, was declared passed, and all amendments not adopted were tabled pursuant to Senate Rule No. 5-4(a).

Ordered that the Secretary inform the House of Representatives thereof.

HOUSE BILL RECALLED

On motion of Senator Steans, **House Bill No. 4996** was recalled from the order of third reading to the order of second reading.

Senator Steans offered the following amendment and moved its adoption:

AMENDMENT NO. 2 TO HOUSE BILL 4996

AMENDMENT NO. 2. Amend House Bill 4996, AS AMENDED, by replacing everything after the enacting clause with the following:

"Section 5. The Illinois Pension Code is amended by changing Sections 15-113, 15-135, 15-136, 15-136.4, 15-139, 15-153.2, and 15-186 and by adding Sections 15-139.5 and 15-168.2 as follows:

(40 ILCS 5/15-113) (from Ch. 108 1/2, par. 15-113)

Sec. 15-113. Service. "Service": The periods defined in Sections 15-113.1 through 15-113.9 and Section 15-113.11.

(Source: P.A. 84-1472.)

(40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

Sec. 15-135. Retirement annuities - Conditions.

(a) A participant who retires in one of the following specified years with the specified amount of service is entitled to a retirement annuity at any age under the retirement program applicable to the participant:

35 years if retirement is in 1997 or before;

34 years if retirement is in 1998;

33 years if retirement is in 1999;

32 years if retirement is in 2000;

31 years if retirement is in 2001;

30 years if retirement is in 2002 or later.

A participant with 8 or more years of service after September 1, 1941, is entitled to a retirement annuity on or after attainment of age 55.

A participant with at least 5 but less than 8 years of service after September 1, 1941, is entitled to a retirement annuity on or after attainment of age 62.

A participant who has at least 25 years of service in this system as a police officer or firefighter is entitled to a retirement annuity on or after the attainment of age 50, if Rule 4 of Section 15-136 is applicable to the participant.

(b) The annuity payment period shall begin on the date specified by the participant or the recipient of a disability retirement annuity submitting a written application, which date shall not be prior to termination of employment or more than one year before the application is received by the board; however, if the participant is not an employee of an employer participating in this System or in a participating system as defined in Article 20 of this Code on April 1 of the calendar year next following the calendar year in which the participant attains age 70 1/2, the annuity payment period shall begin on that date regardless of whether an application has been filed.

(c) An annuity is not payable if the amount provided under Section 15-136 is less than \$10 per month. (Source: P.A. 92-749, eff. 8-2-02.)

(40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

Sec. 15-136. Retirement annuities - Amount. The provisions of this Section 15-136 apply only to those participants who are participating in the traditional benefit package or the portable benefit package and do not apply to participants who are participating in the self-managed plan.

(a) The amount of a participant's retirement annuity, expressed in the form of a single-life annuity, shall be determined by whichever of the following rules is applicable and provides the largest annuity:

Rule 1: The retirement annuity shall be 1.67% of final rate of earnings for each of the first 10 years of service, 1.90% for each of the next 10 years of service, 2.10% for each year of service in excess of 20 but not exceeding 30, and 2.30% for each year in excess of 30; or for persons who retire on or after January 1, 1998, 2.2% of the final rate of earnings for each year of service.

Rule 2: The retirement annuity shall be the sum of the following, determined from amounts credited to

the participant in accordance with the actuarial tables and the ~~effective prescribed~~ rate of interest in effect at the time the retirement annuity begins:

- (i) the normal annuity which can be provided on an actuarially equivalent basis, by the accumulated normal contributions as of the date the annuity begins;
- (ii) an annuity from employer contributions of an amount equal to that which can be provided on an actuarially equivalent basis from the accumulated normal contributions made by the participant under Section 15-113.6 and Section 15-113.7 plus 1.4 times all other accumulated normal contributions made by the participant; and
- (iii) the annuity that can be provided on an actuarially equivalent basis from the entire contribution made by the participant under Section 15-113.3.

With respect to a police officer or firefighter who retires on or after August 14, 1998, the accumulated normal contributions taken into account under clauses (i) and (ii) of this Rule 2 shall include the additional normal contributions made by the police officer or firefighter under Section 15-157(a).

The amount of a retirement annuity calculated under this Rule 2 shall be computed solely on the basis of the participant's accumulated normal contributions, as specified in this Rule and defined in Section 15-116. Neither an employee or employer contribution for early retirement under Section 15-136.2 nor any other employer contribution shall be used in the calculation of the amount of a retirement annuity under this Rule 2.

This amendatory Act of the 91st General Assembly is a clarification of existing law and applies to every participant and annuitant without regard to whether status as an employee terminates before the effective date of this amendatory Act.

This Rule 2 does not apply to a person who first becomes an employee under this Article on or after July 1, 2005.

Rule 3: The retirement annuity of a participant who is employed at least one-half time during the period on which his or her final rate of earnings is based, shall be equal to the participant's years of service not to exceed 30, multiplied by (1) \$96 if the participant's final rate of earnings is less than \$3,500, (2) \$108 if the final rate of earnings is at least \$3,500 but less than \$4,500, (3) \$120 if the final rate of earnings is at least \$4,500 but less than \$5,500, (4) \$132 if the final rate of earnings is at least \$5,500 but less than \$6,500, (5) \$144 if the final rate of earnings is at least \$6,500 but less than \$7,500, (6) \$156 if the final rate of earnings is at least \$7,500 but less than \$8,500, (7) \$168 if the final rate of earnings is at least \$8,500 but less than \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or more, except that the annuity for those persons having made an election under Section 15-154(a-1) shall be calculated and payable under the portable retirement benefit program pursuant to the provisions of Section 15-136.4.

Rule 4: A participant who is at least age 50 and has 25 or more years of service as a police officer or firefighter, and a participant who is age 55 or over and has at least 20 but less than 25 years of service as a police officer or firefighter, shall be entitled to a retirement annuity of 2 1/4% of the final rate of earnings for each of the first 10 years of service as a police officer or firefighter, 2 1/2% for each of the next 10 years of service as a police officer or firefighter, and 2 3/4% for each year of service as a police officer or firefighter in excess of 20. The retirement annuity for all other service shall be computed under Rule 1.

For purposes of this Rule 4, a participant's service as a firefighter shall also include the following:

- (i) service that is performed while the person is an employee under subsection (h) of Section 15-107; and
- (ii) in the case of an individual who was a participating employee employed in the fire department of the University of Illinois's Champaign-Urbana campus immediately prior to the elimination of that fire department and who immediately after the elimination of that fire department transferred to another job with the University of Illinois, service performed as an employee of the University of Illinois in a position other than police officer or firefighter, from the date of that transfer until the employee's next termination of service with the University of Illinois.

Rule 5: The retirement annuity of a participant who elected early retirement under the provisions of Section 15-136.2 and who, on or before February 16, 1995, brought administrative proceedings pursuant to the administrative rules adopted by the System to challenge the calculation of his or her retirement annuity shall be the sum of the following, determined from amounts credited to the participant in accordance with the actuarial tables and the prescribed rate of interest in effect at the time the retirement annuity begins:

- (i) the normal annuity which can be provided on an actuarially equivalent basis, by the accumulated normal contributions as of the date the annuity begins; and
- (ii) an annuity from employer contributions of an amount equal to that which can be

provided on an actuarially equivalent basis from the accumulated normal contributions made by the participant under Section 15-113.6 and Section 15-113.7 plus 1.4 times all other accumulated normal contributions made by the participant; and

(iii) an annuity which can be provided on an actuarially equivalent basis from the employee contribution for early retirement under Section 15-136.2, and an annuity from employer contributions of an amount equal to that which can be provided on an actuarially equivalent basis from the employee contribution for early retirement under Section 15-136.2.

In no event shall a retirement annuity under this Rule 5 be lower than the amount obtained by adding (1) the monthly amount obtained by dividing the combined employee and employer contributions made under Section 15-136.2 by the System's annuity factor for the age of the participant at the beginning of the annuity payment period and (2) the amount equal to the participant's annuity if calculated under Rule 1, reduced under Section 15-136(b) as if no contributions had been made under Section 15-136.2.

With respect to a participant who is qualified for a retirement annuity under this Rule 5 whose retirement annuity began before the effective date of this amendatory Act of the 91st General Assembly, and for whom an employee contribution was made under Section 15-136.2, the System shall recalculate the retirement annuity under this Rule 5 and shall pay any additional amounts due in the manner provided in Section 15-186.1 for benefits mistakenly set too low.

The amount of a retirement annuity calculated under this Rule 5 shall be computed solely on the basis of those contributions specifically set forth in this Rule 5. Except as provided in clause (iii) of this Rule 5, neither an employee nor employer contribution for early retirement under Section 15-136.2, nor any other employer contribution, shall be used in the calculation of the amount of a retirement annuity under this Rule 5.

The General Assembly has adopted the changes set forth in Section 25 of this amendatory Act of the 91st General Assembly in recognition that the decision of the Appellate Court for the Fourth District in *Mattis v. State Universities Retirement System et al.* might be deemed to give some right to the plaintiff in that case. The changes made by Section 25 of this amendatory Act of the 91st General Assembly are a legislative implementation of the decision of the Appellate Court for the Fourth District in *Mattis v. State Universities Retirement System et al.* with respect to that plaintiff.

The changes made by Section 25 of this amendatory Act of the 91st General Assembly apply without regard to whether the person is in service as an employee on or after its effective date.

(b) The retirement annuity provided under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each month the participant is under age 60 at the time of retirement. However, this reduction shall not apply in the following cases:

(1) For a disabled participant whose disability benefits have been discontinued because he or she has exhausted eligibility for disability benefits under clause (6) of Section 15-152;

(2) For a participant who has at least the number of years of service required to retire at any age under subsection (a) of Section 15-135; or

(3) For that portion of a retirement annuity which has been provided on account of service of the participant during periods when he or she performed the duties of a police officer or firefighter, if these duties were performed for at least 5 years immediately preceding the date the retirement annuity is to begin.

(c) The maximum retirement annuity provided under Rules 1, 2, 4, and 5 shall be the lesser of (1) the annual limit of benefits as specified in Section 415 of the Internal Revenue Code of 1986, as such Section may be amended from time to time and as such benefit limits shall be adjusted by the Commissioner of Internal Revenue, and (2) 80% of final rate of earnings.

(d) An annuitant whose status as an employee terminates after August 14, 1969 shall receive automatic increases in his or her retirement annuity as follows:

Effective January 1 immediately following the date the retirement annuity begins, the annuitant shall receive an increase in his or her monthly retirement annuity of 0.125% of the monthly retirement annuity provided under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5, contained in this Section, multiplied by the number of full months which elapsed from the date the retirement annuity payments began to January 1, 1972, plus 0.1667% of such annuity, multiplied by the number of full months which elapsed from January 1, 1972, or the date the retirement annuity payments began, whichever is later, to January 1, 1978, plus 0.25% of such annuity multiplied by the number of full months which elapsed from January 1, 1978, or the date the retirement annuity payments began, whichever is later, to the effective date of the increase.

The annuitant shall receive an increase in his or her monthly retirement annuity on each January 1 thereafter during the annuitant's life of 3% of the monthly annuity provided under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in this Section. The change made under this subsection by P.A. 81-970 is

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effective January 1, 1980 and applies to each annuitant whose status as an employee terminates before or after that date.

Beginning January 1, 1990, all automatic annual increases payable under this Section shall be calculated as a percentage of the total annuity payable at the time of the increase, including all increases previously granted under this Article.

The change made in this subsection by P.A. 85-1008 is effective January 26, 1988, and is applicable without regard to whether status as an employee terminated before that date.

(e) If, on January 1, 1987, or the date the retirement annuity payment period begins, whichever is later, the sum of the retirement annuity provided under Rule 1 or Rule 2 of this Section and the automatic annual increases provided under the preceding subsection or Section 15-136.1, amounts to less than the retirement annuity which would be provided by Rule 3, the retirement annuity shall be increased as of January 1, 1987, or the date the retirement annuity payment period begins, whichever is later, to the amount which would be provided by Rule 3 of this Section. Such increased amount shall be considered as the retirement annuity in determining benefits provided under other Sections of this Article. This paragraph applies without regard to whether status as an employee terminated before the effective date of this amendatory Act of 1987, provided that the annuitant was employed at least one-half time during the period on which the final rate of earnings was based.

(f) A participant is entitled to such additional annuity as may be provided on an actuarially equivalent basis, by any accumulated additional contributions to his or her credit. However, the additional contributions made by the participant toward the automatic increases in annuity provided under this Section shall not be taken into account in determining the amount of such additional annuity.

(g) If, (1) by law, a function of a governmental unit, as defined by Section 20-107 of this Code, is transferred in whole or in part to an employer, and (2) a participant transfers employment from such governmental unit to such employer within 6 months after the transfer of the function, and (3) the sum of (A) the annuity payable to the participant under Rule 1, 2, or 3 of this Section (B) all proportional annuities payable to the participant by all other retirement systems covered by Article 20, and (C) the initial primary insurance amount to which the participant is entitled under the Social Security Act, is less than the retirement annuity which would have been payable if all of the participant's pension credits validated under Section 20-109 had been validated under this system, a supplemental annuity equal to the difference in such amounts shall be payable to the participant.

(h) On January 1, 1981, an annuitant who was receiving a retirement annuity on or before January 1, 1971 shall have his or her retirement annuity then being paid increased \$1 per month for each year of creditable service. On January 1, 1982, an annuitant whose retirement annuity began on or before January 1, 1977, shall have his or her retirement annuity then being paid increased \$1 per month for each year of creditable service.

(i) On January 1, 1987, any annuitant whose retirement annuity began on or before January 1, 1977, shall have the monthly retirement annuity increased by an amount equal to 8¢ per year of creditable service times the number of years that have elapsed since the annuity began.

(Source: P.A. 93-347, eff. 7-24-03; 94-4, eff. 6-1-05.)

(40 ILCS 5/15-136.4)

Sec. 15-136.4. Retirement and Survivor Benefits Under Portable Benefit Package.

(a) This Section 15-136.4 describes the form of annuity and survivor benefits available to a participant who has elected the portable benefit package and has completed the one-year waiting period required under subsection (e) of Section 15-134.5. For purposes of this Section, the term "eligible spouse" means the husband or wife of a participant to whom the participant is married on the date the participant's annuity payment period begins, provided however, that if the participant should die prior to the commencement of retirement annuity benefits, then "eligible spouse" means the husband or wife, if any, to whom the participant was married throughout the one-year period preceding the date of his or her death.

(b) This subsection (b) describes the normal form of annuity payable to a participant subject to this Section 15-136.4. If the participant is unmarried on the date his or her annuity payment period begins, then the annuity payments shall be made in the form of a single-life annuity as described in Section 15-118. If the participant is married on the date his or her annuity payments commence, then the annuity payments shall be paid in the form of a qualified joint and survivor annuity that is the actuarial equivalent of the single-life annuity. Under the "qualified joint and survivor annuity", a reduced amount shall be paid to the participant for his or her lifetime and his or her eligible spouse, if surviving at the participant's death, shall be entitled to receive thereafter a lifetime survivorship annuity in a monthly amount equal to 50% of the reduced monthly amount that was payable to the participant. The last payment of a qualified joint and survivor annuity shall be made as of the first day of the month in which

the death of the survivor occurs.

(c) Instead of the normal form of annuity that would be paid under subsection (b), a participant may elect in writing within the ~~180-day~~ ~~90-day~~ period prior to the date his or her annuity payments commence to waive the normal form of annuity payment and receive an optional form of payment as described in subsection (h). If the participant is married and elects an optional form of payment under subsection (h) other than a joint and survivor annuity with the eligible spouse designated as the contingent annuitant, then such election shall require the consent of his or her eligible spouse in the manner described in subsection (d). At any time during the ~~180-day~~ ~~90-day~~ period preceding the date the participant's payment period begins, the participant may revoke the optional form of payment elected under this subsection (c) and reinstate coverage under the qualified joint and survivor annuity without the spouse's consent, but an election to revoke the optional form elected and elect a new optional form of payment or designate a different contingent annuitant shall not be effective without the eligible spouse's consent.

(d) The eligible spouse's consent to any election made pursuant to this Section that requires the eligible spouse's consent shall be in writing and shall acknowledge the effect of the consent. In addition, the eligible spouse's signature on the written consent must be witnessed by a notary public. The eligible spouse's consent need not be obtained if the system is satisfied that there is no eligible spouse, that the eligible spouse cannot be located, or because of any other relevant circumstances. An eligible spouse's consent under this Section is valid only with respect to the specified optional form of payment and, if applicable, contingent annuitant designated by the participant. If the optional form of payment or the contingent annuitant is subsequently changed (other than by a revocation of the optional form of payment and reinstatement of the qualified joint and survivor annuity), a new consent by the eligible spouse is required. The eligible spouse's consent to an election made by a participant pursuant to this Section, once made, may not be revoked by the eligible spouse.

(e) Within a reasonable period of time preceding the date a participant's annuity commences, a participant shall be supplied with a written explanation of (1) the terms and conditions of the normal form single-life annuity and qualified joint and survivor annuity, (2) the participant's right to elect a single-life annuity or an optional form of payment under subsection (h) subject to his or her eligible spouse's consent, if applicable, and (3) the participant's right to reinstate coverage under the qualified joint and survivor annuity prior to his or her annuity commencement date by revoking an election of an optional form of payment under subsection (h).

(f) If a married participant with at least 1.5 years of service dies prior to commencing retirement annuity payments and prior to taking a refund under Section 15-154, his or her eligible spouse is entitled to receive a pre-retirement survivor annuity, if there is not then in effect a waiver of the pre-retirement survivor annuity. The pre-retirement survivor annuity payable under this subsection shall be a monthly annuity payable for the eligible spouse's life, commencing as of the beginning of the month next following the later of the date of the participant's death or the date the participant would have first met the eligibility requirements for retirement, and continuing through the beginning of the month in which the death of the eligible spouse occurs. The monthly amount payable to the spouse under the pre-retirement survivor annuity shall be equal to the monthly amount that would be payable as a survivor annuity under the qualified joint and survivor annuity described in subsection (b) if: (1) in the case of a participant who dies on or after the date on which the participant has met the eligibility requirements for retirement, the participant had retired with an immediate qualified joint and survivor annuity on the day before the participant's date of death; or (2) in the case of a participant who dies before the earliest date on which the participant would have met the eligibility requirements for retirement age, the participant had separated from service on the date of death, survived to the earliest retirement age based on service prior to his or her death, retired with an immediate qualified joint and survivor annuity at the earliest retirement age, and died on the day after the day on which the participant would have attained the earliest retirement age.

(g) A married participant who has not retired may elect at any time to waive the pre-retirement survivor annuity described in subsection (f). Any such election shall require the consent of the participant's eligible spouse in the manner described in subsection (d). A waiver of the pre-retirement survivor annuity shall increase the lump sum death benefit payable under subsection (b) of Section 15-141. Prior to electing any waiver of the pre-retirement survivor annuity, the participant shall be provided with a written explanation of (1) the terms and conditions of the pre-retirement survivor annuity and the death benefits payable from the system both with and without the pre-retirement survivor annuity, (2) the participant's right to elect a waiver of the pre-retirement survivor annuity coverage subject to his or her spouse's consent, and (3) the participant's right to reinstate pre-retirement survivor annuity coverage at any time by revoking a prior waiver of such coverage.

(h) By filing a timely election with the system, a participant who will be eligible to receive a retirement annuity under this Section may waive the normal form of annuity payment described in subsection (b), subject to obtaining the consent of his or her eligible spouse, if applicable, and elect to receive any one of the following optional forms of payment:

(1) Joint and Survivor Annuity Options: The participant may elect to receive a reduced annuity payable for his or her life and to have a lifetime survivorship annuity in a monthly amount equal to 50%, 75%, or 100% (as elected by the participant) of that reduced monthly amount, to be paid after the participant's death to his or her contingent annuitant, if the contingent annuitant is alive at the time of the participant's death.

(2) Single-Life Annuity Option (optional for married participants). The participant may elect to receive a single-life annuity payable for his or her life only.

(3) Lump sum retirement benefit. The participant may elect to receive a lump sum retirement benefit that is equal to the amount of a refund payable under Section 15-154(a-2). All joint and survivor annuity forms shall be in an amount that is the actuarial equivalent of the single-life annuity.

For the purposes of this Section, the term "contingent annuitant" means the beneficiary who is designated by a participant at the time the participant elects a joint and survivor annuity to receive the lifetime survivorship annuity in the event the beneficiary survives the participant at the participant's death.

(i) Under no circumstances may an option be elected, changed, or revoked after the date the participant's retirement annuity commences.

(j) An election made pursuant to subsection (h) shall become inoperative if the participant or the contingent annuitant dies before the date the participant's annuity payments commence, or if the eligible spouse's consent is required and not given.

(k) (Blank).

(l) The automatic annual increases described in subsection (d) of Section 15-136 shall apply to retirement benefits under the portable benefit package and the automatic annual increases described in subsection (j) of Section 15-145 shall apply to survivor benefits under the portable benefit package.

(Source: P.A. 96-586, eff. 8-18-09.)

(40 ILCS 5/15-139) (from Ch. 108 1/2, par. 15-139)

Sec. 15-139. Retirement annuities; cancellation; suspended during employment.

(a) If an annuitant returns to employment for an employer within 60 days after the beginning of the retirement annuity payment period, the retirement annuity shall be cancelled, and the annuitant shall refund to the System the total amount of the retirement annuity payments which he or she received. If the retirement annuity is cancelled, the participant shall continue to participate in the System.

(b) If an annuitant retires prior to age 60 and receives or becomes entitled to receive during any month compensation in excess of the monthly retirement annuity (including any automatic annual increases) for services performed after the date of retirement for any employer under this System, that portion of the monthly retirement annuity provided by employer contributions shall not be payable.

If an annuitant retires at age 60 or over and receives or becomes entitled to receive during any academic year compensation in excess of the difference between his or her highest annual earnings prior to retirement and his or her annual retirement annuity computed under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 of Section 15-136, or under Section 15-136.4, for services performed after the date of retirement for any employer under this System, that portion of the monthly retirement annuity provided by employer contributions shall be reduced by an amount equal to the compensation that exceeds such difference.

However, any remuneration received for serving as a member of the Illinois Educational Labor Relations Board shall be excluded from "compensation" for the purposes of this subsection (b), and serving as a member of the Illinois Educational Labor Relations Board shall not be deemed to be a return to employment for the purposes of this Section. This provision applies without regard to whether service was terminated prior to the effective date of this amendatory Act of 1991.

(c) If an employer certifies that an annuitant has been reemployed on a permanent and continuous basis or in a position in which the annuitant is expected to serve for at least 9 months, the annuitant shall resume his or her status as a participating employee and shall be entitled to all rights applicable to participating employees upon filing with the board an election to ~~forgo~~ ~~forfe~~ all annuity payments during the period of reemployment. Upon subsequent retirement, the retirement annuity shall consist of the annuity which was terminated by the reemployment, plus the additional retirement annuity based upon service granted during the period of reemployment, but the combined retirement annuity shall not exceed the maximum annuity applicable on the date of the last retirement.

The total service and earnings credited before and after the initial date of retirement shall be considered in determining eligibility of the employee or the employee's beneficiary to benefits under this Article, and in calculating final rate of earnings.

In determining the death benefit payable to a beneficiary of an annuitant who again becomes a participating employee under this Section, accumulated normal and additional contributions shall be considered as the sum of the accumulated normal and additional contributions at the date of initial retirement and the accumulated normal and additional contributions credited after that date, less the sum of the annuity payments received by the annuitant.

The survivors insurance benefits provided under Section 15-145 shall not be applicable to an annuitant who resumes his or her status as a participating employee, unless the annuitant, at the time of initial retirement, has a survivors insurance beneficiary who could qualify for such benefits.

If the ~~participant's annuitant's~~ employment is terminated because of circumstances other than death before 9 months from the date of reemployment, the provisions of this Section regarding resumption of status as a participating employee shall not apply. The normal and survivors insurance contributions which are deducted during this period shall be refunded to the annuitant without interest, and subsequent benefits under this Article shall be the same as those which were applicable prior to the date the annuitant resumed employment.

The amendments made to this Section by this amendatory Act of the 91st General Assembly apply without regard to whether the annuitant was in service on or after the effective date of this amendatory Act.

(Source: P.A. 91-887 (Sections 10 and 25), eff. 7-6-00; 92-16, eff. 6-28-01.)

(40 ILCS 5/15-139.5 new)

Sec. 15-139.5. Return to work by affected annuitant; notice and contribution by employer.

(a) An employer who employs or re-employs a person receiving a retirement annuity from the System in an academic year beginning on or after August 1, 2013 must notify the System of that employment within 60 days after employing the annuitant. The notice must include a copy of the contract of employment; if no written contract of employment exists, then the notice must specify the rate of compensation and the anticipated length of employment of that annuitant. The notice must specify whether the annuitant will be compensated from federal, corporate, foundation, or trust funds or grants of State funds that identify the principal investigator by name. The notice must include the employer's determination of whether or not the annuitant is an "affected annuitant" as defined in subsection (b).

The employer must also record, document, and certify to the System (i) the number of paid days and paid weeks worked by the annuitant in the academic year, (ii) the amount of compensation paid to the annuitant for employment during the academic year, and (iii) the amount of that compensation, if any, that comes from either federal, corporate, foundation, or trust funds or grants of State funds that identify the principal investigator by name.

As used in this Section, "academic year" has the meaning ascribed to that term in Section 15-126.1; "paid day" means a day on which a person performs personal services for an employer and for which the person is compensated by the employer; and "paid week" means a calendar week in which a person has at least one paid day.

For the purposes of this Section, an annuitant whose employment by an employer extends over more than one academic year shall be deemed to be re-employed by that employer in each of those academic years.

The System may specify the time, form, and manner of providing the determinations, notifications, certifications, and documentation required under this Section.

(b) A person receiving a retirement annuity from the System becomes an "affected annuitant" on the first day of the academic year following the academic year in which the annuitant first meets both of the following conditions:

(1) While receiving a retirement annuity under this Article, the annuitant has been employed on or after August 1, 2013 by one or more employers under this Article for a total of more than 18 paid weeks (which need not have been with the same employer or in the same academic year); except that any periods of employment for which the annuitant was compensated solely from federal, corporate, foundation, or trust funds or grants of State funds that identify the principal investigator by name are excluded.

(2) While receiving a retirement annuity under this Article, the annuitant was employed on or after August 1, 2013 by one or more employers under this Article and received or became entitled to receive during an academic year compensation for that employment in excess of 40% of his or her highest annual earnings prior to retirement; except that compensation paid from federal, corporate, foundation, or trust funds or grants of State funds that identify the principal investigator by name is excluded.

A person who becomes an affected annuitant remains an affected annuitant, except for any period during which the person returns to active service and does not receive a retirement annuity from the System.

(c) It is the obligation of the employer to determine whether an annuitant is an affected annuitant before employing the annuitant. For that purpose the employer may require the annuitant to disclose and document his or her relevant prior employment and earnings history. Failure of the employer to make this determination correctly and in a timely manner or to include this determination with the notification required under subsection (a) does not excuse the employer from making the contribution required under subsection (e).

The System may assist the employer in determining whether a person is an affected annuitant. The System shall inform the employer if it discovers that the employer's determination is inconsistent with the employment and earnings information in the System's records.

(d) Upon the request of an annuitant, the System shall certify to the annuitant the following information as reported by the employers, as that information is indicated in the records of the System: (i) the annuitant's highest annual earnings prior to retirement, (ii) the number of paid weeks worked by the annuitant for an employer on or after August 1, 2013, (iii) the compensation paid for that employment in each academic year, and (iv) whether any of that employment or compensation has been certified to the System as being paid from federal, corporate, foundation, or trust funds or grants of State funds that identify the principal investigator by name. The System shall only be required to certify information that is received from the employers.

(e) In addition to the requirements of subsection (a), an employer who employs an affected annuitant must pay to the System an employer contribution in the amount and manner provided in this Section, unless the annuitant is compensated by that employer solely from federal, corporate, foundation, or trust funds or grants of State funds that identify the principal investigator by name.

The employer contribution required under this Section for employment of an affected annuitant in an academic year shall be equal to 12 times the amount of the gross monthly retirement annuity payable to the annuitant for the month in which the first paid day of that employment in that academic year occurs, after any reduction in that annuity that may be imposed under subsection (b) of Section 15-139.

If an affected annuitant is employed by more than one employer in an academic year, the employer contribution required under this Section shall be divided among those employers in proportion to their respective portions of the total compensation paid to the affected annuitant for that employment during that academic year.

If the System determines that an employer, without reasonable justification, has failed to make the determination of affected annuitant status correctly and in a timely manner, or has failed to notify the system or to correctly document or certify to the System any of the information required by this Section, and that failure results in a delayed determination by the System that a contribution is payable under this Section, then the amount of that employer's contribution otherwise determined under this Section shall be doubled.

The System shall deem a failure to correctly determine the annuitant's status to be justified if the employer establishes to the System's satisfaction that the employer, after due diligence, made an erroneous determination that the annuitant was not an affected annuitant due to reasonable reliance on false or misleading information provided by the annuitant or another employer, or an error in the annuitant's official employment or earnings records.

(f) Whenever the System determines that an employer is liable for a contribution under this Section, it shall so notify the employer and certify the amount of the contribution. The employer may pay the required contribution without interest at any time within one year after receipt of the certification. If the employer fails to pay within that year, then interest shall be charged at a rate equal to the System's prescribed rate of interest, compounded annually from the 366th day after receipt of the certification from the System. Payment must be concluded within 2 years after receipt of the certification by the employer. If the employer fails to make complete payment, including applicable interest, within 2 years, then the System may, after giving notice to the employer, certify the delinquent amount to the State Comptroller, and the Comptroller shall thereupon deduct the certified delinquent amount from State funds payable to the employer and pay them instead to the System.

(g) If an employer is required to make a contribution to the System as a result of employing an affected annuitant and the annuitant later elects to forgo his or her annuity in that same academic year pursuant to subsection (c) of Section 15-139, then the required contribution by the employer shall be waived, and if the contribution has already been paid, it shall be refunded to the employer without interest.

(h) Notwithstanding any other provision of this Article, the employer contribution required under this

Section shall not be included in the determination of any benefit under this Article or any other Article of this Code, regardless of whether the annuitant returns to active service, and is in addition to any other State or employer contribution required under this Article.

(i) Notwithstanding any other provision of this Section to the contrary, if an employer employs an affected annuitant in order to continue critical operations in the event of either an employee's unforeseen illness, accident, or death or a catastrophic incident or disaster, then, for one and only one academic year, the employer is not required to pay the contribution set forth in this Section for that annuitant. The employer shall, however, immediately notify the System upon employing a person subject to this subsection (i). For the purposes of this subsection (i), "critical operations" means teaching services, medical services, student welfare services, and any other services that are critical to the mission of the employer.

(40 ILCS 5/15-153.2) (from Ch. 108 1/2, par. 15-153.2)

Sec. 15-153.2. Disability retirement annuity. A participant whose disability benefits are discontinued under the provisions of clause (6) of Section 15-152 and who is not a participant in the optional retirement plan established under Section 15-158.2 is entitled to a disability retirement annuity of 35% of the basic compensation which was payable to the participant at the time that disability began, provided that the board determines that the participant has a medically determinable physical or mental impairment that prevents him or her from engaging in any substantial gainful activity, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

The board's determination of whether a participant is disabled shall be based upon:

(i) a written certificate from one or more licensed and practicing physicians appointed by or acceptable to the board, stating that the participant is unable to engage in any substantial gainful activity; and

(ii) any other medical examinations, hospital records, laboratory results, or other information necessary for determining the employment capacity and condition of the participant.

The terms "medically determinable physical or mental impairment" and "substantial gainful activity" shall have the meanings ascribed to them in the federal Social Security Act, as now or hereafter amended, and the regulations issued thereunder.

The disability retirement annuity payment period shall begin immediately following the expiration of the disability benefit payments under clause (6) of Section 15-152 and shall be discontinued for a recipient of a disability retirement annuity when (1) the physical or mental impairment no longer prevents the participant from engaging in any substantial gainful activity, (2) the participant dies or (3) the participant elects to receive a retirement annuity under Sections 15-135 and 15-136. If a person's disability retirement annuity is discontinued under clause (1), all rights and credits accrued in the system on the date that the disability retirement annuity began shall be restored, and the disability retirement annuity paid shall be considered as disability payments under clause (6) of Section 15-152.

(Source: P.A. 90-14, eff. 7-1-97; 90-65, eff. 7-7-97; 90-511, eff. 8-22-97; 90-766, eff. 8-14-98.)

(40 ILCS 5/15-168.2 new)

Sec. 15-168.2. Audit of employers. Beginning August 1, 2013, the System may audit the employment records and payroll records of all employers. When the System audits an employer, it shall specify the exact information it requires, which may include but need not be limited to the names, titles, and earnings history of every individual receiving compensation from the employer. If an employer is audited by the System, then the employer must provide to the System all necessary documents and records within 60 calendar days after receiving notification from the System. When the System audits an employer, it shall send related correspondence by certified mail.

(40 ILCS 5/15-186) (from Ch. 108 1/2, par. 15-186)

Sec. 15-186. Fraud.

Any person who knowingly makes any false statement, or falsifies or permits to be falsified any record or records of this system, in any attempt to defraud the system or to mislead or defraud an employer with respect to employment of an annuitant under Section 15-139.5, is guilty of a Class A misdemeanor.

(Source: P.A. 77-2830.)

Section 99. Effective date. This Act takes effect July 1, 2012."

The motion prevailed.

And the amendment was adopted and ordered printed.

There being no further amendments, the bill, as amended, was ordered to a third reading.

[May 28, 2012]

READING BILLS FROM THE HOUSE OF REPRESENTATIVES A THIRD TIME

On motion of Senator Steans, **House Bill No. 4996** having been printed as received from the House of Representatives, together with all Senate Amendments adopted thereto, was taken up and read by title a third time.

And the question being, "Shall this bill pass?" it was decided in the affirmative by the following vote:

YEAS 52; NAYS None.

The following voted in the affirmative:

Althoff	Haine	Link	Rezin
Bivins	Harmon	Maloney	Righter
Bomke	Holmes	Martinez	Sandack
Brady	Hunter	McCann	Sandoval
Clayborne	Hutchinson	McCarter	Schmidt
Collins, A.	Jacobs	McGuire	Steans
Collins, J.	Johnson, C.	Millner	Sullivan
Crotty	Johnson, T.	Mulroe	Syverson
Cultra	Jones, E.	Muñoz	Trotter
Dillard	Jones, J.	Murphy	Mr. President
Duffy	Koehler	Noland	
Forby	LaHood	Pankau	
Frerichs	Landek	Radogno	
Garrett	Lightford	Raoul	

This bill, having received the vote of a constitutional majority of the members elected, was declared passed, and all amendments not adopted were tabled pursuant to Senate Rule No. 5-4(a).

Ordered that the Secretary inform the House of Representatives thereof and ask their concurrence in the Senate Amendments adopted thereto.

On motion of Senator Sandoval, **House Bill No. 5101** having been printed as received from the House of Representatives, together with all Senate Amendments adopted thereto, was taken up and read by title a third time.

And the question being, "Shall this bill pass?" it was decided in the affirmative by the following vote:

YEAS 47; NAYS None.

The following voted in the affirmative:

Althoff	Garrett	Landek	Radogno
Bomke	Haine	Link	Raoul
Brady	Holmes	Maloney	Rezin
Clayborne	Hunter	Martinez	Sandack
Collins, A.	Hutchinson	McCann	Sandoval
Collins, J.	Jacobs	McCarter	Schmidt
Crotty	Johnson, C.	McGuire	Steans
Cultra	Johnson, T.	Millner	Sullivan
Dillard	Jones, E.	Mulroe	Syverson
Duffy	Jones, J.	Muñoz	Trotter
Forby	Koehler	Noland	Mr. President
Frerichs	LaHood	Pankau	

This bill, having received the vote of a constitutional majority of the members elected, was declared passed, and all amendments not adopted were tabled pursuant to Senate Rule No. 5-4(a).

[May 28, 2012]

Ordered that the Secretary inform the House of Representatives thereof.

On motion of Senator Link, **House Bill No. 5632** having been printed as received from the House of Representatives, together with all Senate Amendments adopted thereto, was taken up and read by title a third time.

And the question being, "Shall this bill pass?" it was decided in the affirmative by the following vote:

YEAS 50; NAYS None.

The following voted in the affirmative:

Althoff	Haine	Link	Raoul
Bivins	Holmes	Maloney	Rezin
Brady	Hunter	Martinez	Righter
Clayborne	Hutchinson	McCann	Sandack
Collins, A.	Jacobs	McCarter	Sandoval
Collins, J.	Johnson, C.	McGuire	Schmidt
Crotty	Johnson, T.	Millner	Steans
Cultra	Jones, E.	Mulroe	Sullivan
Dillard	Jones, J.	Muñoz	Syverson
Duffy	Koehler	Murphy	Trotter
Forby	LaHood	Noland	Mr. President
Frerichs	Landek	Pankau	
Garrett	Lightford	Radogno	

This bill, having received the vote of a constitutional majority of the members elected, was declared passed, and all amendments not adopted were tabled pursuant to Senate Rule No. 5-4(a).

Ordered that the Secretary inform the House of Representatives thereof.

On motion of Senator Righter, **House Bill No. 5914** having been printed as received from the House of Representatives, together with all Senate Amendments adopted thereto, was taken up and read by title a third time.

And the question being, "Shall this bill pass?" it was decided in the affirmative by the following vote:

YEAS 48; NAYS None.

The following voted in the affirmative:

Althoff	Holmes	Martinez	Righter
Bivins	Hunter	McCann	Sandack
Brady	Hutchinson	McCarter	Sandoval
Collins, A.	Jacobs	McGuire	Schmidt
Collins, J.	Johnson, C.	Millner	Steans
Crotty	Jones, E.	Mulroe	Sullivan
Cultra	Jones, J.	Muñoz	Syverson
Dillard	Koehler	Murphy	Trotter
Duffy	LaHood	Noland	Mr. President
Forby	Landek	Pankau	
Frerichs	Lightford	Radogno	
Garrett	Link	Raoul	
Haine	Maloney	Rezin	

This bill, having received the vote of a constitutional majority of the members elected, was declared passed, and all amendments not adopted were tabled pursuant to Senate Rule No. 5-4(a).

Ordered that the Secretary inform the House of Representatives thereof and ask their concurrence in the Senate Amendments adopted thereto.

CONSIDERATION OF RESOLUTION ON SECRETARY'S DESK

Senator Sandoval moved that **Senate Joint Resolution No. 72**, on the Secretary's Desk, be taken up for immediate consideration.

The motion prevailed.

Senate Committee Amendment No. 1 was postponed in the Committee on Energy.

The following amendment was offered in the Committee on Energy, adopted and ordered printed:

AMENDMENT NO. 2 TO SENATE JOINT RESOLUTION 72

AMENDMENT NO. 2. Amend Senate Joint Resolution 72 by replacing line 2 on page 1 through line 2 on page 5 with the following:

"WHEREAS, On February 29, 2012, Midwest Generation announced that it would retire its two Chicago power plants as the result of an agreement with the City of Chicago and Mayor Rahm Emanuel, which was reached in consultation with community groups and aldermen; and

WHEREAS, Residents in communities neighboring these facilities, including Pilsen and Little Village, joined with a broad and diverse coalition of community, labor, health, faith, youth, and environmental organizations to form the Chicago Clean Power Coalition to advocate for the eventual retirement of these facilities as a part of a national transition to new energy sources; and

WHEREAS, the Clean Power Coalition partners include the following organizations: 8th Day Center for Justice, 49th Ward Green Corps, Action Now, Aerotecture International Inc., American Renewable Energy & Power, LLC, American Medical Student Association-UIC, Blacks in Green, Bridgeport Alliance, Buddhist Peace Fellowship, CAPOW! Citizens Act to Protect Our Water, Chicago Youth Climate Coalition, Citizen Action/Illinois, Citizens Against Ruining the Environment, Citizens Committee for a Clean Blue Island, Collective Consciousness Movement, Consolidated Printing, David Weiner & Associates, Design Makes Change, Doctors Council SEIU, Eco-Justice Collaborative, Energy Action Coalition, Environment Illinois, Environmental Law & Policy Center, Faith in Place, Gaia Movement USA, Green Guy Solutions, Green Sanctuary Group, Beverly Unitarian Church, Greenpeace, Growing Station Community Garden, KenJiva Energy Systems, Illinois Solar Energy Association, Illinois Student Environmental Coalition, Little Village Environmental Justice Organization, Loyola University's Student Environmental Alliance, Natural Resources Defense Council, Nuclear Energy Information Service, Oikos: The Religion and Environment Initiative, Peace Productions, Physicians for Social Responsibility, Pilsen Alliance, Pilsen Environmental Rights & Reform Organization, Progressive Democrats of America, Protestants for the Common Good, Rainforest Action Network Chicago, Ravenswood Community Council, Resource Center, Respiratory Health Association of Metropolitan Chicago, Sierra Club, Southeast Environmental Task Force, Southsiders Organized for Unity and Liberation, SolAir Works, Inc., SAIC Student Environmental Activism Group, Students for a Just and Stable Future at the University of Chicago, Team 15 United, Topless America, Union of Concerned Scientists, Community Action Program at the UIC College of Medicine, Urban Sustain, Wellington Avenue UCC, and Windy City Green Power; and

WHEREAS, The timing of the decision to retire these facilities, and the schedule for the retirement of these facilities, was the result of a process initiated by Mayor Emanuel; and

WHEREAS, Midwest Generation and the City of Chicago have entered into an agreement finding that the timetable for the retirement of these facilities achieves the objectives of the proposed Chicago Clean Power Ordinance; and

WHEREAS, The closure of these facilities will help the City of Chicago and the State of Illinois achieve their clean air goals; and

WHEREAS, The process undertaken by Midwest Generation and the City of Chicago included community, public health, and environmental groups, which agreed not pursue certain pending litigation against Midwest Generation; and

[May 28, 2012]

WHEREAS, Once operations at these facilities cease, Midwest Generation will maintain the facilities in a safe and prudent manner as redevelopment opportunities and funding are explored; therefore, be it

RESOLVED, BY THE SENATE OF THE NINETY-SEVENTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES CONCURRING HEREIN, that we recognize Mayor Rahm Emanuel, the community residents and organizations of Pilsen and Little Village in Chicago, the Chicago Clean Power Coalition, and Midwest Generation for their work and leadership in reaching the agreed resolution to retire coal-fired power plants at the Fisk and Crawford stations in accordance with the goals and objectives of the proposed Chicago Clean Power Ordinance; and be it further

RESOLVED, That we support the ongoing efforts to determine clean, new uses for these facilities and to transition these facilities to uses that improve the quality of life in these communities; and be it further

RESOLVED, That we acknowledge that thousands of hard working and dedicated men and women have worked at these facilities since the early 1900's producing the electricity that was essential to build the City of Chicago; and be it further

RESOLVED, That we urge the Governor and the agencies of the State of Illinois to support efforts to retire these facilities and to transition these facilities into uses that improve the quality of life in the communities in which they are located; and be it further

RESOLVED, That suitable copies of this resolution be presented to the Governor, Mayor Rahm Emanuel, Midwest Generation, the Little Village Environmental Justice Organization, the Pilsen Alliance, the Pilsen Environmental Rights and Reform Organization, and the members of the Chicago Clean Power Coalition."

Senator Sandoval moved that **Senate Joint Resolution No. 72**, as amended, be adopted.

The motion prevailed.

And the resolution was adopted.

Ordered that the Secretary inform the House of Representatives thereof and ask their concurrence therein.

JOINT ACTION MOTIONS FILED

The following Joint Action Motions to the Senate Bills listed below have been filed with the Secretary and referred to the Committee on Assignments:

Motion to Concur in House Amendment 1 to Senate Bill 2578
 Motion to Concur in House Amendment 3 to Senate Bill 2822
 Motion to Concur in House Amendments 1 and 2 to Senate Bill 3261
 Motion to Concur in House Amendment 2 to Senate Bill 3629
 Motion to Concur in House Amendment 1 to Senate Bill 3631
 Motion to Concur in House Amendments 1 and 3 to Senate Bill 3638
 Motion to Concur in House Amendment 1 to Senate Bill 3718
 Motion to Concur in House Amendment 1 to Senate Bill 3726

At the hour of 7:31 o'clock p.m., the Chair announced that the Senate stand at ease.

AT EASE

At the hour of 7:43 o'clock p.m., the Senate resumed consideration of business.
 Senator Crotty, presiding.

REPORT FROM COMMITTEE ON ASSIGNMENTS

[May 28, 2012]

Senator Clayborne, Chairperson of the Committee on Assignments, during its May 28, 2012 meeting, reported the following Legislative Measures have been assigned to the indicated Standing Committees of the Senate:

Criminal Law: Senate Floor Amendment No. 5 to House Bill 1237; Senate Committee Amendment No. 2 to House Bill 1263.

Executive: SENATE BILL 3773; Senate Floor Amendment No. 3 to House Bill 1084; Senate Floor Amendment No. 2 to House Bill 2891; Senate Committee Amendment No. 5 to Senate Bill 3773; Senate Committee Amendment No. 6 to Senate Bill 3773; Senate Floor Amendment No. 3 to House Bill 4148.

Gaming: HOUSE BILL 4466; Senate Floor Amendment No. 6 to House Bill 3779, Senate Committee Amendment No. 1 to House Bill 4466.

Human Services: Senate Floor Amendment No. 4 to House Bill 1489.

Licensed Activities: Senate Committee Amendment No. 1 to House Bill 4074.

Pensions and Investments: Senate Floor Amendment No. 2 to House Bill 4666.

Revenue: HOUSE BILLS 4239 and 5192.

Senator Clayborne, Chairperson of the Committee on Assignments, during its May 28, 2012 meeting, reported the following Joint Action Motions have been assigned to the indicated Standing Committees of the Senate:

Criminal Law: Motion to Concur in House Amendments 1 and 3 to Senate Bill 3638

Energy: Motion to Concur in House Amendment 1 to Senate Bill 3591

**Executive: Motion to Concur in House Amendment 1 to Senate Bill 2578
Motion to Concur in House Amendments 1 and 2 to Senate Bill 3261
Motion to Concur in House Amendment 1 to Senate Bill 3576
Motion to Concur in House Amendment 1 to Senate Bill 3631**

**Human Services: Motion to Concur in House Amendments 1 and 2 to Senate Bill 1351
Motion to Concur in House Amendment 2 to Senate Bill 2934
Motion to Concur in House Amendment 1 to Senate Bill 3601
Motion to Concur in House Amendment 1 to Senate Bill 3718**

**Judiciary: Motion to Concur in House Amendment 3 to Senate Bill 1355
Motion to Concur in House Amendment 1 to Senate Bill 3171
Motion to Concur in House Amendment 3 to Senate Bill 3572
Motion to Concur in House Amendment 1 to Senate Bill 3593
Motion to Concur in House Amendment 1 to Senate Bill 3594
Motion to Concur in House Amendment 1 to Senate Bill 3602
Motion to Concur in House Amendment 1 to Senate Bill 3726**

**Licensed Activities: Motion to Concur in House Amendments 1 and 2 to Senate Bill 3685
Motion to Concur in House Amendment 1 to Senate Bill 3792**

Pensions and Investments: Motion to Concur in House Amendment 2 to Senate Bill 3629

**Revenue: Motion to Concur in House Amendments 1 and 2 to Senate Bill 3241
Motion to Concur in House Amendments 1 and 2 to Senate Bill 3320
Motion to Concur in House Amendments 1 and 2 to Senate Bill 3619**

[May 28, 2012]

State Government and Veterans Affairs:

Motion to Concur in House Amendment 1 to Senate Bill 180
Motion to Concur in House Amendment 1 to Senate Bill 2837
Motion to Concur in House Amendment 1 to Senate Bill 3746

Transportation: **Motion to Concur in House Amendment 3 to Senate Bill 2822**

Senator Clayborne, Chairperson of the Committee on Assignments, during its May 28, 2012 meeting, reported that the Committee recommends that **Senate Joint Resolution No. 76** be re-referred from the Calendar Order of Secretary's Desk Resolutions to the Committee on Assignments.

Senator Clayborne, Chairperson of the Committee on Assignments, during its May 28, 2012 meeting, reported that the following Legislative Measures have been approved for consideration:

Senate Joint Resolution 77 and House Joint Resolution 89

The foregoing resolutions were placed on the Secretary's Desk.

COMMITTEE MEETING ANNOUNCEMENTS FOR MAY 29, 2012

The Chair announced the following committees to meet at 9:00 o'clock a.m.:

Executive in Room 212
Revenue in Room 400
Licensed Activities in Room 409

The Chair announced the following committee to meet at 5:30 o'clock p.m.:

Gaming in Room 409

At the hour of 7:59 o'clock p.m., the Chair announced the Senate stand adjourned until Tuesday, May 29, 2012, at 11:00 o'clock a.m.