



IL-1

# Illinois General Assembly

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(35 ILCS 120/2-10)

(Text of Section from P.A. 103-592)

Sec. 2-10. Rate of tax. Unless otherwise provided in this Section, the tax imposed by this Act is at the rate of 6.25% of gross receipts from sales, which, on and after January 1, 2025, includes leases, of tangible personal property made in the course of business.

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

Beginning on August 6, 2010 through August 15, 2010, and beginning again on August 5, 2022 through August 14, 2022, with respect to sales tax holiday items as defined in Section 2-8 of this Act, the tax is imposed at the rate of 1.25%.

Within 14 days after July 1, 2000 (the effective date of Public Act 91-872), each retailer of motor fuel and gasohol shall cause the following notice to be posted in a prominently visible place on each retail dispensing device that is used to dispense motor fuel or gasohol in the State of Illinois: "As of July 1, 2000, the State of Illinois has eliminated the State's share of sales tax on motor fuel and gasohol through December 31, 2000. The price on this pump should reflect the elimination of the tax." The notice shall be printed in bold print on a sign that is no smaller than 4 inches by 8 inches. The sign shall be clearly visible to customers. Any retailer who fails to post or maintain a required sign through December 31, 2000 is guilty of a petty offense for which the fine shall be \$500 per day per each retail premises where a violation occurs.

With respect to gasohol, as defined in the Use Tax Act, the tax imposed by this Act applies to (i) 70% of the proceeds of sales made on or after January 1, 1990, and before July 1, 2003, (ii) 80% of the proceeds of sales made on or after July 1, 2003 and on or before July 1, 2017, (iii) 100% of the proceeds of sales made after July 1, 2017 and prior to January 1, 2024, (iv) 90% of the proceeds of sales made on or after January 1, 2024 and on or before December 31, 2028, and (v) 100% of the proceeds of sales made after December 31, 2028. If, at any time, however, the tax under this Act on sales of gasohol, as defined in the Use Tax Act, is imposed at the rate of 1.25%, then the tax

imposed by this Act applies to 100% of the proceeds of sales of gasohol made during that time.

With respect to mid-range ethanol blends, as defined in Section 3-44.3 of the Use Tax Act, the tax imposed by this Act applies to (i) 80% of the proceeds of sales made on or after January 1, 2024 and on or before December 31, 2028 and (ii) 100% of the proceeds of sales made after December 31, 2028. If, at any time, however, the tax under this Act on sales of mid-range ethanol blends is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of mid-range ethanol blends made during that time.

With respect to majority blended ethanol fuel, as defined in the Use Tax Act, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2028 but applies to 100% of the proceeds of sales made thereafter.

With respect to biodiesel blends, as defined in the Use Tax Act, with no less than 1% and no more than 10% biodiesel, the tax imposed by this Act applies to (i) 80% of the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 and (ii) 100% of the proceeds of sales made after December 31, 2018 and before January 1, 2024. On and after January 1, 2024 and on or before December 31, 2030, the taxation of biodiesel, renewable diesel, and biodiesel blends shall be as provided in Section 3-5.1 of the Use Tax Act. If, at any time, however, the tax under this Act on sales of biodiesel blends, as defined in the Use Tax Act, with no less than 1% and no more than 10% biodiesel is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of biodiesel blends with no less than 1% and no more than 10% biodiesel made during that time.

With respect to biodiesel, as defined in the Use Tax Act, and biodiesel blends, as defined in the Use Tax Act, with more than 10% but no more than 99% biodiesel, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2023. On and after January 1, 2024 and on or before December 31, 2030, the taxation of biodiesel, renewable diesel, and biodiesel blends shall be as provided in Section 3-5.1 of the Use Tax Act.

Until July 1, 2022 and beginning again on July 1, 2023, with respect to food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption), the tax is imposed at the rate of 1%. Beginning July 1, 2022 and until July 1, 2023, with respect to food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption), the tax is imposed at the rate of 0%.

With respect to prescription and nonprescription medicines, drugs, medical appliances, products classified as Class III medical devices by the United States Food and Drug Administration that are used for cancer treatment pursuant to a prescription, as well as any accessories and components related to those devices, modifications to a motor vehicle for the purpose of rendering it usable by a person with a disability, and insulin, blood sugar testing materials, syringes, and needles used by human diabetics, the tax is imposed at the rate of 1%. For the purposes of this Section, until September 1, 2009: the term "soft drinks" means any complete, finished, ready-to-use, non-alcoholic drink, whether carbonated or not, including, but not limited to, soda water, cola, fruit juice, vegetable juice, carbonated water, and all other preparations

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

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "soft drinks" means non-alcoholic beverages that contain natural or artificial sweeteners. "Soft drinks" does not include beverages that contain milk or milk products, soy, rice or similar milk substitutes, or greater than 50% of vegetable or fruit juice by volume.

Until August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine. Beginning August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks, candy, and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "food for human consumption that is to be consumed off the premises where it is sold" does not include candy. For purposes of this Section, "candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation that contains flour or requires refrigeration.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "nonprescription medicines and drugs" does not include grooming and hygiene products. For purposes of this Section, "grooming and hygiene products" includes, but is not limited to, soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, unless those products are available by prescription only, regardless of whether the products meet the definition of "over-the-counter-drugs". For the purposes of this paragraph, "over-the-counter-drug" means a drug for human use that contains a label that identifies the product as a drug as required by 21 CFR 201.66. The "over-the-counter-drug" label includes:

- (A) a "Drug Facts" panel; or
- (B) a statement of the "active ingredient(s)" with a list of those ingredients contained in the compound, substance or preparation.

Beginning on January 1, 2014 (the effective date of Public Act 98-122), "prescription and nonprescription medicines and drugs" includes medical cannabis purchased from a registered dispensing organization under the Compassionate Use of Medical Cannabis Program Act.

As used in this Section, "adult use cannabis" means cannabis subject to tax under the Cannabis Cultivation Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and does not include cannabis subject to tax under the Compassionate Use of Medical Cannabis Program Act.

(Source: P.A. 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-20, eff. 4-19-22; 102-700, Article 60, Section 60-30, eff. 4-19-22; 102-700, Article 65, Section 65-10, eff. 4-19-22; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23; 103-592, eff. 1-1-25.)

(Text of Section from P.A. 103-781)

Sec. 2-10. Rate of tax. Unless otherwise provided in this Section, the tax imposed by this Act is at the rate of 6.25% of gross receipts from sales of tangible personal property made in the course of business.

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

Beginning on August 6, 2010 through August 15, 2010, and beginning again on August 5, 2022 through August 14, 2022, with respect to sales tax holiday items as defined in Section 2-8 of this Act, the tax is imposed at the rate of 1.25%.

Within 14 days after July 1, 2000 (the effective date of Public Act 91-872), each retailer of motor fuel and gasohol shall cause the following notice to be posted in a prominently visible place on each retail dispensing device that is used to dispense motor fuel or gasohol in the State of Illinois: "As of July 1, 2000, the State of Illinois has eliminated the State's share of sales tax on motor fuel and gasohol through December 31, 2000. The price on this pump should reflect the elimination of the tax." The notice shall be printed in bold print on a sign that is no smaller than 4 inches by 8 inches. The sign shall be clearly visible to customers. Any retailer who fails to post or maintain a required sign through December 31, 2000 is guilty of a petty offense for which the fine shall be \$500 per day per each retail premises where a violation occurs.

With respect to gasohol, as defined in the Use Tax Act, the tax imposed by this Act applies to (i) 70% of the proceeds of sales made on or after January 1, 1990, and before July 1, 2003, (ii) 80% of the proceeds of sales made on or after July 1, 2003 and on or before July 1, 2017, (iii) 100% of the proceeds of sales made after July 1, 2017 and prior to January 1, 2024, (iv) 90% of the proceeds of sales made on or after January 1, 2024 and on or before December 31, 2028, and (v) 100% of the proceeds of sales made after December 31, 2028. If, at any time, however, the tax under this Act on sales of gasohol, as defined in the Use Tax Act, is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of gasohol made during that time.

With respect to mid-range ethanol blends, as defined in Section 3-44.3 of the Use Tax Act, the tax imposed by this Act applies to (i) 80% of the proceeds of sales made on or after January 1, 2024 and on or before December 31, 2028 and (ii) 100% of the proceeds of sales made after December 31, 2028. If, at any time, however, the tax under this Act on sales of mid-range ethanol blends is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of mid-range ethanol blends made during that time.

With respect to majority blended ethanol fuel, as defined in the Use Tax Act, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2028 but applies to 100% of the proceeds of sales made thereafter.

With respect to biodiesel blends, as defined in the Use Tax Act, with no less than 1% and no more than 10% biodiesel, the tax imposed by this Act applies to (i) 80% of the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 and (ii) 100% of the proceeds of sales made after December 31, 2018 and before January 1, 2024. On and after January 1, 2024 and on or before December 31, 2030, the taxation of biodiesel, renewable diesel, and biodiesel blends shall be as provided in Section 3-5.1 of the Use Tax Act. If, at any time,

however, the tax under this Act on sales of biodiesel blends, as defined in the Use Tax Act, with no less than 1% and no more than 10% biodiesel is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of biodiesel blends with no less than 1% and no more than 10% biodiesel made during that time.

With respect to biodiesel, as defined in the Use Tax Act, and biodiesel blends, as defined in the Use Tax Act, with more than 10% but no more than 99% biodiesel, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2023. On and after January 1, 2024 and on or before December 31, 2030, the taxation of biodiesel, renewable diesel, and biodiesel blends shall be as provided in Section 3-5.1 of the Use Tax Act.

Until July 1, 2022 and from July 1, 2023 through December 31, 2025, with respect to food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption), the tax is imposed at the rate of 1%. Beginning July 1, 2022 and until July 1, 2023, with respect to food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption), the tax is imposed at the rate of 0%. On and after January 1, 2026, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption) is exempt from the tax imposed by this Act.

With respect to prescription and nonprescription medicines, drugs, medical appliances, products classified as Class III medical devices by the United States Food and Drug Administration that are used for cancer treatment pursuant to a prescription, as well as any accessories and components related to those devices, modifications to a motor vehicle for the purpose of rendering it usable by a person with a disability, and insulin, blood sugar testing materials, syringes, and needles used by human diabetics, the tax is imposed at the rate of 1%. For the purposes of this Section, until September 1, 2009: the term "soft drinks" means any complete, finished, ready-to-use, non-alcoholic drink, whether carbonated or not, including, but not limited to, soda water, cola, fruit juice, vegetable juice, carbonated water, and all other preparations commonly known as soft drinks of whatever kind or description that are contained in any closed or sealed bottle, can, carton, or container, regardless of size; but "soft drinks" does not include coffee, tea, non-carbonated water, infant formula, milk or milk products as defined in the Grade A Pasteurized Milk and Milk Products Act, or drinks containing 50% or more natural fruit or vegetable juice.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "soft drinks" means non-alcoholic beverages that contain natural or artificial sweeteners. "Soft drinks" does not include beverages that contain milk or milk products, soy, rice or similar milk substitutes, or greater than 50% of vegetable or fruit juice by volume.

Until August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine. Beginning August 1, 2009, and notwithstanding any other provisions of this

Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks, candy, and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "food for human consumption that is to be consumed off the premises where it is sold" does not include candy. For purposes of this Section, "candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation that contains flour or requires refrigeration.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "nonprescription medicines and drugs" does not include grooming and hygiene products. For purposes of this Section, "grooming and hygiene products" includes, but is not limited to, soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, unless those products are available by prescription only, regardless of whether the products meet the definition of "over-the-counter-drugs". For the purposes of this paragraph, "over-the-counter-drug" means a drug for human use that contains a label that identifies the product as a drug as required by 21 CFR 201.66. The "over-the-counter-drug" label includes:

- (A) a "Drug Facts" panel; or
- (B) a statement of the "active ingredient(s)" with a list of those ingredients contained in the compound, substance or preparation.

Beginning on January 1, 2014 (the effective date of Public Act 98-122), "prescription and nonprescription medicines and drugs" includes medical cannabis purchased from a registered dispensing organization under the Compassionate Use of Medical Cannabis Program Act.

As used in this Section, "adult use cannabis" means cannabis subject to tax under the Cannabis Cultivation Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and does not include cannabis subject to tax under the Compassionate Use of Medical Cannabis Program Act.

(Source: P.A. 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-20, eff. 4-19-22; 102-700, Article 60, Section 60-30, eff. 4-19-22; 102-700, Article 65, Section 65-10, eff. 4-19-22; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23; 103-781, eff. 8-5-24.)

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## REVENUE

### (35 ILCS 105/) Use Tax Act.

(35 ILCS 105/1) (from Ch. 120, par. 439.1)

Sec. 1. This Act shall be known and may be cited as the "Use Tax Act".

(Source: Laws 1955, p. 2027.)

(35 ILCS 105/1.05)

Sec. 1.05. Legislative intent; leases. It is the intent of the General Assembly in enacting this amendatory Act of the 103rd General Assembly to apply the tax imposed under this Act, except as otherwise provided in this Act, to the privilege of using in this State tangible personal property, other than motor vehicles, watercraft, aircraft, and semitrailers, as defined in Section 1-187 of the Illinois Vehicle Code, that are required to be registered with an agency of this State, leased at retail from a retailer, for leases in effect, entered into, or renewed on or after January 1, 2025.

(Source: P.A. 103-592, eff. 1-1-25.)

(35 ILCS 105/1a) (from Ch. 120, par. 439.1a)

Sec. 1a. A person who is engaged in the business of leasing or renting motor vehicles to others and who, in connection with such business sells any used motor vehicle to a purchaser for his use and not for the purpose of resale, is a retailer engaged in the business of selling tangible personal property at retail under this Act to the extent of the value of the vehicle sold. For the purpose of this Section, "motor vehicle" has the meaning prescribed in Section 1-157 of the Illinois Vehicle Code, as now or hereafter amended. (Nothing provided herein shall affect liability incurred under this Act because of the use of such motor vehicles as a lessor.)

(Source: P.A. 80-598.)

(35 ILCS 105/2) (from Ch. 120, par. 439.2)

Sec. 2. Definitions.

"Use" means the exercise by any person of any right or power over tangible personal property incident to the ownership of that property, or, on and after January 1, 2025, incident to the possession or control of, the right to possess or control, or a

license to use that property through a lease, except that it does not include the sale of such property in any form as tangible personal property in the regular course of business to the extent that such property is not first subjected to a use for which it was purchased, and does not include the use of such property by its owner for demonstration purposes: Provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or by-product of manufacturing. "Use" does not mean the demonstration use or interim use of tangible personal property by a retailer before he sells that tangible personal property. On and after January 1, 2025, the lease of tangible personal property to a lessee by a retailer who is subject to tax on lease receipts under this amendatory Act of the 103rd General Assembly does not qualify as demonstration use or interim use of that property. For watercraft or aircraft, if the period of demonstration use or interim use by the retailer exceeds 18 months, the retailer shall pay on the retailers' original cost price the tax imposed by this Act, and no credit for that tax is permitted if the watercraft or aircraft is subsequently sold by the retailer. "Use" does not mean the physical incorporation of tangible personal property, to the extent not first subjected to a use for which it was purchased, as an ingredient or constituent, into other tangible personal property (a) which is sold in the regular course of business or (b) which the person incorporating such ingredient or constituent therein has undertaken at the time of such purchase to cause to be transported in interstate commerce to destinations outside the State of Illinois: Provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or by-product of manufacturing.

"Lease" means a transfer of the possession or control of, the right to possess or control, or a license to use, but not title to, tangible personal property for a fixed or indeterminate term for consideration, regardless of the name by which the transaction is called. "Lease" does not include a lease entered into merely as a security agreement that does not involve a transfer of possession or control from the lessor to the lessee.

On and after January 1, 2025, the term "sale", when used in this Act, includes a lease.

"Watercraft" means a Class 2, Class 3, or Class 4 watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

"Purchase at retail" means the acquisition of the ownership of, the title to, the possession or control of, the right to possess or control, or a license to use, tangible personal property through a sale at retail.

"Purchaser" means anyone who, through a sale at retail, acquires the ownership of, the title to, the possession or control of, the right to possess or control, or a license to use, tangible personal property for a valuable consideration.

"Sale at retail" means any transfer of the ownership of or title to tangible personal property to a purchaser, for the purpose of use, and not for the purpose of resale in any form as tangible personal property to the extent not first subjected to a use for which it was purchased, for a valuable consideration: Provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or by-product of manufacturing.



For this purpose, slag produced as an incident to manufacturing pig iron or steel and sold is considered to be an intentionally produced by-product of manufacturing. "Sale at retail" includes any such transfer made for resale unless made in compliance with Section 2c of the Retailers' Occupation Tax Act, as incorporated by reference into Section 12 of this Act. Transactions whereby the possession of the property is transferred but the seller retains the title as security for payment of the selling price are sales.

"Sale at retail" shall also be construed to include any Illinois florist's sales transaction in which the purchase order is received in Illinois by a florist and the sale is for use or consumption, but the Illinois florist has a florist in another state deliver the property to the purchaser or the purchaser's donee in such other state.

Nonreusable tangible personal property that is used by persons engaged in the business of operating a restaurant, cafeteria, or drive-in is a sale for resale when it is transferred to customers in the ordinary course of business as part of the sale of food or beverages and is used to deliver, package, or consume food or beverages, regardless of where consumption of the food or beverages occurs. Examples of those items include, but are not limited to nonreusable, paper and plastic cups, plates, baskets, boxes, sleeves, buckets or other containers, utensils, straws, placemats, napkins, doggie bags, and wrapping or packaging materials that are transferred to customers as part of the sale of food or beverages in the ordinary course of business.

The purchase, employment and transfer of such tangible personal property as newsprint and ink for the primary purpose of conveying news (with or without other information) is not a purchase, use or sale of tangible personal property.

"Selling price" means the consideration for a sale valued in money whether received in money or otherwise, including cash, credits, property other than as hereinafter provided, and services, but, prior to January 1, 2020 and beginning again on January 1, 2022, not including the value of or credit given for traded-in tangible personal property where the item that is traded-in is of like kind and character as that which is being sold; beginning January 1, 2020 and until January 1, 2022, "selling price" includes the portion of the value of or credit given for traded-in motor vehicles of the First Division as defined in Section 1-146 of the Illinois Vehicle Code of like kind and character as that which is being sold that exceeds \$10,000. "Selling price" shall be determined without any deduction on account of the cost of the property sold, the cost of materials used, labor or service cost or any other expense whatsoever, but does not include interest or finance charges which appear as separate items on the bill of sale or sales contract nor charges that are added to prices by sellers on account of the seller's tax liability under the Retailers' Occupation Tax Act, or on account of the seller's duty to collect, from the purchaser, the tax that is imposed by this Act, or, except as otherwise provided with respect to any cigarette tax imposed by a home rule unit, on account of the seller's tax liability under any local occupation tax administered by the Department, or, except as otherwise provided with respect to any cigarette tax imposed by a home rule unit on account of the seller's duty to collect, from the purchasers, the tax that is imposed under any local use tax administered by the Department. Effective December 1, 1985, "selling price" shall include charges that are added to prices by sellers on account of the seller's tax liability under the Cigarette Tax Act, on account of the seller's duty to collect, from the purchaser, the tax imposed under the Cigarette Use Tax Act, and

on account of the seller's duty to collect, from the purchaser, any cigarette tax imposed by a home rule unit.

The provisions of this paragraph, which provides only for an alternative meaning of "selling price" with respect to the sale of certain motor vehicles incident to the contemporaneous lease of those motor vehicles, continue in effect and are not changed by the tax on leases implemented by this amendatory Act of the 103rd General Assembly. Notwithstanding any law to the contrary, for any motor vehicle, as defined in Section 1-146 of the Vehicle Code, that is sold on or after January 1, 2015 for the purpose of leasing the vehicle for a defined period that is longer than one year and (1) is a motor vehicle of the second division that: (A) 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; (B) is of the van configuration designed for the transportation of not less than 7 nor more than 16 passengers; or (C) has a gross vehicle weight rating of 8,000 pounds or less or (2) is a motor vehicle of the first division, "selling price" or "amount of sale" means the consideration received by the lessor pursuant to the lease contract, including amounts due at lease signing and all monthly or other regular payments charged over the term of the lease. Also included in the selling price is any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed, including, but not limited to, excess mileage charges and charges for excess wear and tear. For sales that occur in Illinois, with respect to any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed, the lessor who purchased the motor vehicle does not incur the tax imposed by the Use Tax Act on those amounts, and the retailer who makes the retail sale of the motor vehicle to the lessor is not required to collect the tax imposed by this Act or to pay the tax imposed by the Retailers' Occupation Tax Act on those amounts. However, the lessor who purchased the motor vehicle assumes the liability for reporting and paying the tax on those amounts directly to the Department in the same form (Illinois Retailers' Occupation Tax, and local retailers' occupation taxes, if applicable) in which the retailer would have reported and paid such tax if the retailer had accounted for the tax to the Department. For amounts received by the lessor from the lessee that are not calculated at the time the lease is executed, the lessor must file the return and pay the tax to the Department by the due date otherwise required by this Act for returns other than transaction returns. If the retailer is entitled under this Act to a discount for collecting and remitting the tax imposed under this Act to the Department with respect to the sale of the motor vehicle to the lessor, then the right to the discount provided in this Act shall be transferred to the lessor with respect to the tax paid by the lessor for any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed; provided that the discount is only allowed if the return is timely filed and for amounts timely paid. The "selling price" of a motor vehicle that is sold on or after January 1, 2015 for the purpose of leasing for a defined period of longer than one year shall not be reduced by the value of or credit given for traded-in tangible personal property owned by the lessor, nor shall it be reduced by the value of or credit given for traded-in tangible personal property owned by the lessee, regardless of whether the trade-in value thereof is assigned by the lessee to the lessor. In the case of a motor vehicle that is sold for the purpose of leasing for a defined period of longer than one year, the sale occurs at

the time of the delivery of the vehicle, regardless of the due date of any lease payments. A lessor who incurs a Retailers' Occupation Tax liability on the sale of a motor vehicle coming off lease may not take a credit against that liability for the Use Tax the lessor paid upon the purchase of the motor vehicle (or for any tax the lessor paid with respect to any amount received by the lessor from the lessee for the leased vehicle that was not calculated at the time the lease was executed) if the selling price of the motor vehicle at the time of purchase was calculated using the definition of "selling price" as defined in this paragraph. Notwithstanding any other provision of this Act to the contrary, lessors shall file all returns and make all payments required under this paragraph to the Department by electronic means in the manner and form as required by the Department. This paragraph does not apply to leases of motor vehicles for which, at the time the lease is entered into, the term of the lease is not a defined period, including leases with a defined initial period with the option to continue the lease on a month-to-month or other basis beyond the initial defined period.

The phrase "like kind and character" shall be liberally construed (including but not limited to any form of motor vehicle for any form of motor vehicle, or any kind of farm or agricultural implement for any other kind of farm or agricultural implement), while not including a kind of item which, if sold at retail by that retailer, would be exempt from retailers' occupation tax and use tax as an isolated or occasional sale.

"Department" means the Department of Revenue.

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

"Retailer" means and includes every person engaged in the business of making sales, including, on and after January 1, 2025, leases, at retail as defined in this Section. With respect to leases, a "retailer" also means a "lessor", except as otherwise provided in this Act.

A person who holds himself or herself out as being engaged (or who habitually engages) in selling tangible personal property at retail is a retailer hereunder with respect to such sales (and not primarily in a service occupation) notwithstanding the fact that such person designs and produces such tangible personal property on special order for the purchaser and in such a way as to render the property of value only to such purchaser, if such tangible personal property so produced on special order serves substantially the same function as stock or standard items of tangible personal property that are sold at retail.

A person whose activities are organized and conducted primarily as a not-for-profit service enterprise, and who engages in selling tangible personal property at retail (whether to the public or merely to members and their guests) is a retailer with respect to such transactions, excepting only a person organized and operated exclusively for charitable, religious or educational purposes either (1), to the extent of sales by such person to its members, students, patients or inmates of tangible personal property to be used primarily for the purposes of such person, or (2), to the extent of sales by such person of tangible personal property which is not sold or offered for sale by persons organized for profit. The selling of school books and school supplies by schools at retail to students is not "primarily for the purposes of" the school which does such selling. This paragraph does not apply to nor subject

to taxation occasional dinners, social or similar activities of a person organized and operated exclusively for charitable, religious or educational purposes, whether or not such activities are open to the public.

A person who is the recipient of a grant or contract under Title VII of the Older Americans Act of 1965 (P.L. 92-258) and serves meals to participants in the federal Nutrition Program for the Elderly in return for contributions established in amount by the individual participant pursuant to a schedule of suggested fees as provided for in the federal Act is not a retailer under this Act with respect to such transactions.

Persons who engage in the business of transferring tangible personal property upon the redemption of trading stamps are retailers hereunder when engaged in such business.

The isolated or occasional sale of tangible personal property at retail by a person who does not hold himself out as being engaged (or who does not habitually engage) in selling such tangible personal property at retail or a sale through a bulk vending machine does not make such person a retailer hereunder. However, any person who is engaged in a business which is not subject to the tax imposed by the Retailers' Occupation Tax Act because of involving the sale of or a contract to sell real estate or a construction contract to improve real estate, but who, in the course of conducting such business, transfers tangible personal property to users or consumers in the finished form in which it was purchased, and which does not become real estate, under any provision of a construction contract or real estate sale or real estate sales agreement entered into with some other person arising out of or because of such nontaxable business, is a retailer to the extent of the value of the tangible personal property so transferred. If, in such transaction, a separate charge is made for the tangible personal property so transferred, the value of such property, for the purposes of this Act, is the amount so separately charged, but not less than the cost of such property to the transferor; if no separate charge is made, the value of such property, for the purposes of this Act, is the cost to the transferor of such tangible personal property.

"Retailer maintaining a place of business in this State", or any like term, means and includes any of the following retailers:

(1) A retailer 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 or other representative operating within this State under the authority of the retailer or its subsidiary, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether such retailer or subsidiary is licensed to do business in this State. However, the ownership of property that is located at the premises of a printer with which the retailer has contracted for printing and that consists of the final printed product, property that becomes a part of the final printed product, or copy from which the printed product is produced shall not result in the retailer being deemed to have or maintain an office, distribution house, sales house, warehouse, or other place of business within this State.

(1.1) A retailer having a contract with a person located in this State under which the person, for a commission or other consideration based upon the sale of tangible personal property by the retailer, directly or indirectly refers potential customers to the retailer by providing to the potential customers a promotional code or other mechanism that allows the retailer to track purchases

referred by such persons. Examples of mechanisms that allow the retailer to track purchases referred by such persons include but are not limited to the use of a link on the person's Internet website, promotional codes distributed through the person's hand-delivered or mailed material, and promotional codes distributed by the person through radio or other broadcast media. The provisions of this paragraph (1.1) shall apply only if the cumulative gross receipts from sales of tangible personal property by the retailer to customers who are referred to the retailer by all persons in this State under such contracts exceed \$10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December. A retailer meeting the requirements of this paragraph (1.1) shall be presumed to be maintaining a place of business in this State but may rebut this presumption by submitting proof that the referrals or other activities pursued within this State by such persons were not sufficient to meet the nexus standards of the United States Constitution during the preceding 4 quarterly periods.

(1.2) Beginning July 1, 2011, a retailer having a contract with a person located in this State under which:

(A) the retailer sells the same or substantially similar line of products as the person located in this State and does so using an identical or substantially similar name, trade name, or trademark as the person located in this State; and

(B) the retailer provides a commission or other consideration to the person located in this State based upon the sale of tangible personal property by the retailer.

The provisions of this paragraph (1.2) shall apply only if the cumulative gross receipts from sales of tangible personal property by the retailer to customers in this State under all such contracts exceed \$10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December.

(2) (Blank).

(3) (Blank).

(4) (Blank).

(5) (Blank).

(6) (Blank).

(7) (Blank).

(8) (Blank).

(9) Beginning October 1, 2018, a retailer making sales of tangible personal property to purchasers in Illinois from outside of Illinois if:

(A) the cumulative gross receipts from sales of tangible personal property to purchasers in Illinois are \$100,000 or more; or

(B) the retailer enters into 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois.

The retailer shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether he or she meets the criteria of either subparagraph (A) or (B) of this paragraph (9) for the preceding 12-month period. If the retailer meets the threshold of either subparagraph (A) or (B) for a 12-month period, he or she is considered a retailer maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for one year. At the end of that one-year period, the retailer shall determine whether he or she met the threshold

of either subparagraph (A) or (B) during the preceding 12-month period. If the retailer met the criteria in either subparagraph (A) or (B) for the preceding 12-month period, he or she is considered a retailer maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for the subsequent year. If at the end of a one-year period a retailer that was required to collect and remit the tax imposed under this Act determines that he or she did not meet the threshold in either subparagraph (A) or (B) during the preceding 12-month period, the retailer shall subsequently determine on a quarterly basis, ending on the last day of March, June, September, and December, whether he or she meets the threshold of either subparagraph (A) or (B) for the preceding 12-month period.

Beginning January 1, 2020, neither the gross receipts from nor the number of separate transactions for sales of tangible personal property to purchasers in Illinois that a retailer makes through a marketplace facilitator and for which the retailer has received a certification from the marketplace facilitator pursuant to Section 2d of this Act shall be included for purposes of determining whether he or she has met the thresholds of this paragraph (9).

(10) Beginning January 1, 2020, a marketplace facilitator that meets a threshold set forth in subsection (b) of Section 2d of this Act.

"Bulk vending machine" means a vending machine, containing unsorted confections, nuts, toys, or other items designed primarily to be used or played with by children which, when a coin or coins of a denomination not larger than \$0.50 are inserted, are dispensed in equal portions, at random and without selection by the customer.

(Source: P.A. 102-353, eff. 1-1-22; 103-592, eff. 1-1-25.)

(35 ILCS 105/2a) (from Ch. 120, par. 439.2a)

Sec. 2a. "Pollution control facilities" means any system, method, construction, device or appliance appurtenant thereto sold or used or intended for the primary purpose of eliminating, preventing, or reducing air and water pollution as the term "air pollution" or "water pollution" is defined in the "Environmental Protection Act", enacted by the 76th General Assembly, or for the primary purpose of treating, pretreating, modifying or disposing of any potential solid, liquid or gaseous pollutant which if released without such treatment, pretreatment, modification or disposal might be harmful, detrimental or offensive to human, plant or animal life, or to property.

Until July 1, 2003, the purchase, employment and transfer of such tangible personal property as pollution control facilities is not a purchase, use or sale of tangible personal property.

(Source: P.A. 93-24, eff. 6-20-03.)

(35 ILCS 105/2a-1) (from Ch. 120, par. 439.2a-1)

Sec. 2a-1. "Low sulfur dioxide emission coal fueled devices" means any device sold or used or intended for the purpose of burning, combusting or converting locally available coal in a manner which eliminates or significantly reduces the need for additional sulfur dioxide abatement that would otherwise be required under State or Federal air emission standards. Such device includes all machinery, equipment, structures and all related apparatus of a coal gasification facility, including coal feeding equipment, designed to convert locally available coal into a low sulfur gaseous fuel and to manage all waste and byproduct streams.

The purchase, employment and transfer of such tangible

personal property as low sulfur dioxide emission coal fueled devices is not a purchase, use or sale of tangible personal property. This amendatory Act of 1981 is not intended to nor does it make any change in the meaning of any provision in this Section but is intended to remove possible ambiguities, thereby confirming the existing meaning of this Section in effect prior to the effective date of this amendatory Act of 1981. (Source: P.A. 82-672.)

(35 ILCS 105/2b) (from Ch. 120, par. 439.2b)

Sec. 2b. "Selling price" shall not include any amounts added to prices by sellers on account of the seller's duty to collect any tax imposed under the "Regional Transportation Authority Act", enacted by the 78th General Assembly. (Source: P.A. 78-3rd S.S.-12.)

(35 ILCS 105/2c) (from Ch. 120, par. 439.2c)

Sec. 2c. For purposes of this Act, a corporation, limited liability company, society, association, foundation or institution organized and operated exclusively for educational purposes shall include: all tax-supported public schools; private schools which offer systematic instruction in useful branches of learning by methods common to public schools and which compare favorably in their scope and intensity with the course of study presented in tax-supported schools; licensed day care centers as defined in Section 2.09 of the Child Care Act of 1969 which are operated by a not for profit corporation, society, association, foundation, institution or organization; 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.

However, a corporation, limited liability company, society, association, foundation or institution organized and operated for the purpose of offering professional, trade or business seminars of short duration, self-improvement or personality development courses, courses which are avocational or recreational in nature, courses pursued entirely by open circuit television or radio, correspondence courses, or courses which do not provide specialized training within a specific vocational or technical field shall not be considered to be organized and operated exclusively for educational purposes. (Source: P.A. 88-480.)

(35 ILCS 105/2d)

Sec. 2d. Marketplace facilitators and marketplace sellers.

(a) As used in this Section:

"Affiliate" means a person that, with respect to another person: (i) has a direct or indirect ownership interest of more than 5 percent in the other person; or (ii) is related to the other person because a third person, or a group of third persons who are affiliated with each other as defined in this subsection, holds a direct or indirect ownership interest of more than 5% in the related person.

"Marketplace" means a physical or electronic place, forum, platform, application, or other method by which a marketplace seller sells or offers to sell items.

"Marketplace facilitator" means a person who, pursuant to an agreement with an unrelated third-party marketplace seller, directly or indirectly through one or more affiliates facilitates a retail sale by an unrelated third party marketplace seller by:

(1) listing or advertising for sale by the

marketplace seller in a marketplace, tangible personal property that is subject to tax under this Act; and

(2) either directly or indirectly, through agreements or arrangements with third parties, collecting payment from the customer and transmitting that payment to the marketplace seller regardless of whether the marketplace facilitator receives compensation or other consideration in exchange for its services.

"Marketplace seller" means a person that sells or offers to sell tangible personal property through a marketplace operated by an unrelated third-party marketplace facilitator.

(b) Beginning on January 1, 2020, a marketplace facilitator who meets either of the following thresholds is considered the retailer for each sale of tangible personal property made through its marketplace:

(1) the cumulative gross receipts from sales of tangible personal property to purchasers in Illinois by the marketplace facilitator and by marketplace sellers selling through the marketplace are \$100,000 or more; or

(2) the marketplace facilitator and marketplace sellers selling through the marketplace cumulatively enter into 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois.

A marketplace facilitator shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether he or she meets the threshold of either paragraph (1) or (2) of this subsection (b) for the preceding 12-month period. If the marketplace facilitator meets the threshold of either paragraph (1) or (2) for a 12-month period, he or she is considered a retailer maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for one year. At the end of that one-year period, the marketplace facilitator shall determine whether the marketplace facilitator met the threshold of either paragraph (1) or (2) during the preceding 12-month period. If the marketplace facilitator met the threshold in either paragraph (1) or (2) for the preceding 12-month period, he or she is considered a retailer maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for the subsequent year. If at the end of a one-year period a marketplace facilitator that was required to collect and remit the tax imposed under this Act determines that he or she did not meet the threshold in either paragraph (1) or (2) during the preceding 12-month period, the marketplace facilitator shall subsequently determine on a quarterly basis, ending on the last day of March, June, September, and December, whether he or she meets the threshold of either paragraph (1) or (2) for the preceding 12-month period.

(c) Beginning on January 1, 2020 a marketplace facilitator considered to be the retailer pursuant to subsection (b) of this Section is considered the retailer with respect to each sale made through its marketplace and is liable for collecting and remitting the tax under this Act on all such sales. The marketplace facilitator who is considered to be the retailer under subsection (b) for sales made through its marketplace has all the rights and duties, and is required to comply with the same requirements and procedures, as all other retailers maintaining a place of business in this State who are registered or who are required to be registered to collect and remit the tax imposed by this Act with respect to such sales.

(d) A marketplace facilitator shall:

(1) certify to each marketplace seller that the



marketplace facilitator assumes the rights and duties of a retailer under this Act with respect to sales made by the marketplace seller through the marketplace; and

(2) collect taxes imposed by this Act as required by Section 3-45 of this Act for sales made through the marketplace.

(e) A marketplace seller shall retain books and records for all sales made through a marketplace in accordance with the requirements of Section 11.

(f) A marketplace seller shall furnish to the marketplace facilitator information that is necessary for the marketplace facilitator to correctly collect and remit taxes for a retail sale. The information may include a certification that an item being sold is taxable, not taxable, exempt from taxation, or taxable at a specified rate. A marketplace seller shall be held harmless for liability for the tax imposed under this Act when a marketplace facilitator fails to correctly collect and remit tax after having been provided with information by a marketplace seller to correctly collect and remit taxes imposed under this Act.

(g) If the marketplace facilitator demonstrates to the satisfaction of the Department that its failure to correctly collect and remit tax on a retail sale resulted from the marketplace facilitator's good faith reliance on incorrect or insufficient information provided by a marketplace seller, it shall be relieved of liability for the tax on that retail sale. In this case, a marketplace seller is liable for any resulting tax due.

(h) (Blank).

(i) This Section does not affect the tax liability of a purchaser under this Act.

(j) (Blank).

(k) A marketplace facilitator required to collect taxes imposed under this Section and this Act on retail sales made through its marketplace shall be liable to the Department for such taxes, except when the marketplace facilitator is relieved of the duty to remit such taxes by virtue of having paid to the Department taxes imposed by the Retailers' Occupation Tax Act upon his or her gross receipts from the same transactions.

(l) If, for any reason, the Department is prohibited from enforcing the marketplace facilitator's duty under this Act to collect and remit taxes pursuant to this Section, the duty to collect and remit such taxes reverts to the marketplace seller that is a retailer maintaining a place of business in this State pursuant to Section 2.

(Source: P.A. 101-9, eff. 6-5-19; 101-604, eff. 1-1-20.)

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

Sec. 3. Tax imposed. A tax is imposed upon the privilege of using in this State tangible personal property purchased, which, on and after January 1, 2025, includes leased, at retail from a retailer, including computer software, and including photographs, negatives, and positives that are the product of photoprocessing, but not including products of photoprocessing produced for use in motion pictures for commercial exhibition. Beginning January 1, 2001, prepaid telephone calling arrangements shall be considered tangible personal property subject to the tax imposed under this Act regardless of the form in which those arrangements may be embodied, transmitted, or fixed by any method now known or hereafter developed. Purchases of (1) electricity delivered to customers by wire; (2) natural or artificial gas that is delivered to customers through pipes, pipelines, or mains; and (3) water that is delivered to customers through pipes, pipelines, or mains are not subject to

tax under this Act. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this Act.

The imposition of the tax under this Act on the privilege of using tangible personal property leased at retail applies to leases of tangible personal property in effect, entered into, or renewed on or after January 1, 2025. In the case of leases, except as otherwise provided in this Act, the lessor, in collecting the tax, may collect for each tax return period, only the tax applicable to that part of the selling price actually received during such tax return period.

The inclusion of leases in the tax imposed under this Act by this amendatory Act of the 103rd General Assembly does not, however, extend to motor vehicles, watercraft, aircraft, and semitrailers, as defined in Section 1-187 of the Illinois Vehicle Code, that are required to be registered with an agency of this State. The taxation of these items shall continue in effect as prior to the effective date of the changes made to this Section by this amendatory Act of the 103rd General Assembly (i.e. dealers owe retailers' occupation tax, lessors owe use tax, and lessees are not subject to retailers' occupation or use tax).

(Source: P.A. 103-592, eff. 1-1-25.)

(35 ILCS 105/3-5)

(Text of Section from P.A. 103-592)

Sec. 3-5. Exemptions. Use, which, on and after January 1, 2025, includes use by a lessee, 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 July 1, 2001 (the effective date of Public Act 92-35), 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) Except as otherwise provided in this Act, 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. Beginning on July 1, 2017, graphic arts machinery and equipment is included in the manufacturing and assembling machinery and equipment exemption under paragraph (18).

(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 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.

Beginning on January 1, 2024, farm machinery and equipment also includes electrical power generation equipment used

primarily for production agriculture.

This item (11) is exempt from the provisions of Section 3-90.

(12) Until June 30, 2013, 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.

Beginning July 1, 2013, 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 that (i) is engaged in foreign trade or is engaged in trade between the United States and any of its possessions and (ii) transports at least one individual or package for hire from the city of origination to the city of final destination on the same aircraft, without regard to a change in the flight number of that aircraft.

(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, 2028, coal and aggregate exploration, mining, off-highway 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. The changes made to this Section by Public Act 97-767 apply on and after July 1, 2003, but no claim for credit or refund is allowed on or after August 16, 2013 (the effective date of Public Act 98-456) for such taxes paid during the period beginning July 1, 2003 and ending on August 16, 2013 (the effective date of Public Act 98-456).

(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. The exemption provided by this paragraph (18) includes production related tangible personal property, as defined in Section 3-50, purchased on or after July 1, 2019. The exemption provided by this paragraph (18) does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of Public Act 98-583 are declaratory of existing law as to the meaning and scope of this exemption. Beginning on July 1, 2017, the exemption provided by this paragraph (18) includes, but is not limited to, graphic arts machinery and equipment, as defined in paragraph (6) of this Section.

(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, the MC/DD Act, or the Specialized Mental Health Rehabilitation Act of 2013.

(31) Beginning on August 2, 2001 (the effective date of Public Act 92-227), 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 August 2, 2001 (the effective date of Public Act 92-227), 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 and continuing through December 31, 2029, 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. However, until January 1, 2024, this exemption 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.

Beginning January 1, 2010 and continuing through December 31, 2023, this exemption applies only to the use of qualifying tangible personal property by persons who modify, refurbish, complete, repair, replace, or maintain aircraft and who (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. From January 1, 2024 through December 31, 2029, this exemption applies only to the use of qualifying tangible personal property by: (A) persons who modify, refurbish, complete, repair,



replace, or maintain aircraft and who (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; and (B) persons who engage in the modification, replacement, repair, and maintenance of aircraft engines or power plants without regard to whether or not those persons meet the qualifications of item (A).

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. The changes made to this paragraph (35) by Public Act 98-534 are declarative of existing law. It is the intent of the General Assembly that the exemption under this paragraph (35) applies continuously from January 1, 2010 through December 31, 2024; however, no claim for credit or refund is allowed for taxes paid as a result of the disallowance of this exemption on or after January 1, 2015 and prior to February 5, 2020 (the effective date of Public Act 101-629).

(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.

(37) Beginning January 1, 2017 and through December 31, 2026, menstrual pads, tampons, and menstrual cups.

(38) Merchandise that is subject to the Rental Purchase Agreement Occupation and Use Tax. The purchaser must certify that the item is purchased to be rented subject to a rental-purchase agreement, as defined in the Rental-Purchase Agreement Act, and provide proof of registration under the Rental Purchase Agreement Occupation and Use Tax Act. This paragraph is exempt from the provisions of Section 3-90.

(39) Tangible personal property purchased by a purchaser who is exempt from the tax imposed by this Act by operation of federal law. This paragraph is exempt from the provisions of Section 3-90.

(40) Qualified tangible personal property used in the construction or operation of a data center that has been granted a certificate of exemption by the Department of Commerce and Economic Opportunity, whether that tangible personal property is purchased by the owner, operator, or tenant of the data center or by a contractor or subcontractor of the owner, operator, or tenant. Data centers that would have qualified for a certificate of exemption prior to January 1, 2020 had Public Act 101-31 been in effect may apply for and obtain an exemption for subsequent purchases of computer equipment or enabling software purchased or leased to upgrade, supplement, or replace computer equipment or enabling software purchased or leased in the original investment that would have qualified.

The Department of Commerce and Economic Opportunity shall grant a certificate of exemption under this item (40) to qualified data centers as defined by Section 605-1025 of the Department of Commerce and Economic Opportunity Law of the Civil

For the purposes of this item (40):

"Data center" means a building or a series of buildings rehabilitated or constructed to house working servers in one physical location or multiple sites within the State of Illinois.

"Qualified tangible personal property" means: electrical systems and equipment; climate control and chilling equipment and systems; mechanical systems and equipment; monitoring and secure systems; emergency generators; hardware; computers; servers; data storage devices; network connectivity equipment; racks; cabinets; telecommunications cabling infrastructure; raised floor systems; peripheral components or systems; software; mechanical, electrical, or plumbing systems; battery systems; cooling systems and towers; temperature control systems; other cabling; and other data center infrastructure equipment and systems necessary to operate qualified tangible personal property, including fixtures; and component parts of any of the foregoing, including installation, maintenance, repair, refurbishment, and replacement of qualified tangible personal property to generate, transform, transmit, distribute, or manage electricity necessary to operate qualified tangible personal property; and all other tangible personal property that is essential to the operations of a computer data center. The term "qualified tangible personal property" also includes building materials physically incorporated into the qualifying data center. To document the exemption allowed under this Section, the retailer must obtain from the purchaser a copy of the certificate of eligibility issued by the Department of Commerce and Economic Opportunity.

This item (40) is exempt from the provisions of Section 3-90.

(41) Beginning July 1, 2022, breast pumps, breast pump collection and storage supplies, and breast pump kits. This item (41) is exempt from the provisions of Section 3-90. As used in this item (41):

"Breast pump" means an electrically controlled or manually controlled pump device designed or marketed to be used to express milk from a human breast during lactation, including the pump device and any battery, AC adapter, or other power supply unit that is used to power the pump device and is packaged and sold with the pump device at the time of sale.

"Breast pump collection and storage supplies" means items of tangible personal property designed or marketed to be used in conjunction with a breast pump to collect milk expressed from a human breast and to store collected milk until it is ready for consumption.

"Breast pump collection and storage supplies" includes, but is not limited to: breast shields and breast shield connectors; breast pump tubes and tubing adapters; breast pump valves and membranes; backflow protectors and backflow protector adaptors; bottles and bottle caps specific to the operation of the breast pump; and breast milk storage bags.

"Breast pump collection and storage supplies" does not include: (1) bottles and bottle caps not specific to the operation of the breast pump; (2) breast pump travel bags and other similar carrying accessories, including ice packs, labels, and other similar products; (3) breast pump cleaning supplies; (4) nursing bras, bra pads, breast shells, and other similar products; and (5) creams, ointments, and other

similar products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples, unless sold as part of a breast pump kit that is pre-packaged by the breast pump manufacturer or distributor.

"Breast pump kit" means a kit that: (1) contains no more than a breast pump, breast pump collection and storage supplies, a rechargeable battery for operating the breast pump, a breastmilk cooler, bottle stands, ice packs, and a breast pump carrying case; and (2) is pre-packaged as a breast pump kit by the breast pump manufacturer or distributor.

(42) Tangible personal property sold by or on behalf of the State Treasurer pursuant to the Revised Uniform Unclaimed Property Act. This item (42) is exempt from the provisions of Section 3-90.

(43) Beginning on January 1, 2024, tangible personal property purchased by an active duty member of the armed forces of the United States who presents valid military identification and purchases the property using a form of payment where the federal government is the payor. The member of the armed forces must complete, at the point of sale, a form prescribed by the Department of Revenue documenting that the transaction is eligible for the exemption under this paragraph. Retailers must keep the form as documentation of the exemption in their records for a period of not less than 6 years. "Armed forces of the United States" means the United States Army, Navy, Air Force, Marine Corps, or Coast Guard. This paragraph is exempt from the provisions of Section 3-90.

(44) Use by the lessee of the following leased tangible personal property:

(1) software transferred subject to a license that meets the following requirements:

(A) it is evidenced by a written agreement signed by the licensor and the customer;

(i) an electronic agreement in which the customer accepts the license by means of an electronic signature that is verifiable and can be authenticated and is attached to or made part of the license will comply with this requirement;

(ii) a license agreement in which the customer electronically accepts the terms by clicking "I agree" does not comply with this requirement;

(B) it restricts the customer's duplication and use of the software;

(C) it prohibits the customer from licensing, sublicensing, or transferring the software to a third party (except to a related party) without the permission and continued control of the licensor;

(D) the licensor has a policy of providing another copy at minimal or no charge if the customer loses or damages the software, or of permitting the licensee to make and keep an archival copy, and such policy is either stated in the license agreement, supported by the licensor's books and records, or supported by a notarized statement made under penalties of perjury by the licensor; and

(E) the customer must destroy or return all copies of the software to the licensor at the end of the license period; this provision is deemed to be met, in the case of a perpetual license, without being set forth in the license agreement; and

(2) property that is subject to a tax on lease

receipts imposed by a home rule unit of local government if the ordinance imposing that tax was adopted prior to January 1, 2023.

(Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70, Section 70-5, eff. 4-19-22; 102-700, Article 75, Section 75-5, eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section 5-5, eff. 6-7-23; 103-9, Article 15, Section 15-5, eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25.)

(Text of Section from P.A. 103-605)

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 July 1, 2001 (the effective date of Public Act 92-35), 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) Except as otherwise provided in this Act, 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. Beginning on July 1, 2017, graphic arts machinery

and equipment is included in the manufacturing and assembling machinery and equipment exemption under paragraph (18).

(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 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.

Beginning on January 1, 2024, farm machinery and equipment also includes electrical power generation equipment used primarily for production agriculture.

This item (11) is exempt from the provisions of Section 3-90.

(12) Until June 30, 2013, 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.

Beginning July 1, 2013, 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 that (i) is engaged in foreign trade or is engaged in trade between the United States and any of its possessions and (ii) transports at least one individual or package for hire from the city of

origination to the city of final destination on the same aircraft, without regard to a change in the flight number of that aircraft.

(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, 2028, coal and aggregate exploration, mining, off-highway 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. The changes made to this Section by Public Act 97-767 apply on and after July 1, 2003, but no claim for credit or refund is allowed on or after August 16, 2013 (the effective date of Public Act 98-456) for such taxes paid during the period beginning July 1, 2003 and ending on August 16, 2013 (the effective date of Public Act 98-456).

(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. The exemption provided by this paragraph (18) includes production related tangible personal property, as defined in Section 3-50, purchased on or after July 1, 2019. The exemption provided by this paragraph (18) does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of Public Act 98-583 are declaratory of existing law as to the meaning and scope of this exemption. Beginning on July 1, 2017, the exemption provided by this

paragraph (18) includes, but is not limited to, graphic arts machinery and equipment, as defined in paragraph (6) of this Section.

(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, the MC/DD Act, or the Specialized Mental Health Rehabilitation Act of 2013.

(31) Beginning on August 2, 2001 (the effective date of Public Act 92-227), 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 August 2, 2001 (the effective date of Public Act 92-227), 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 and continuing through December 31, 2029, 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. However, until January 1, 2024, this exemption 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.

Beginning January 1, 2010 and continuing through December 31, 2023, this exemption applies only to the use of qualifying tangible personal property by persons who modify, refurbish, complete, repair, replace, or maintain aircraft and who (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. From January 1, 2024 through December 31, 2029, this exemption applies only to the use of qualifying tangible personal property by: (A) persons who modify, refurbish, complete, repair, replace, or maintain aircraft and who (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; and (B) persons who engage in the modification, replacement, repair, and maintenance of aircraft engines or power plants without regard to whether or not those persons meet the qualifications of item (A).

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. The changes made to this paragraph (35) by Public Act 98-534 are declarative of existing law. It is the intent of the General Assembly that the exemption under this paragraph (35) applies continuously from January 1, 2010 through December 31, 2024; however, no claim for credit or refund is allowed for taxes paid as a result of the disallowance of this

exemption on or after January 1, 2015 and prior to February 5, 2020 (the effective date of Public Act 101-629).

(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.

(37) Beginning January 1, 2017 and through December 31, 2026, menstrual pads, tampons, and menstrual cups.

(38) Merchandise that is subject to the Rental Purchase Agreement Occupation and Use Tax. The purchaser must certify that the item is purchased to be rented subject to a rental-purchase agreement, as defined in the Rental-Purchase Agreement Act, and provide proof of registration under the Rental Purchase Agreement Occupation and Use Tax Act. This paragraph is exempt from the provisions of Section 3-90.

(39) Tangible personal property purchased by a purchaser who is exempt from the tax imposed by this Act by operation of federal law. This paragraph is exempt from the provisions of Section 3-90.

(40) Qualified tangible personal property used in the construction or operation of a data center that has been granted a certificate of exemption by the Department of Commerce and Economic Opportunity, whether that tangible personal property is purchased by the owner, operator, or tenant of the data center or by a contractor or subcontractor of the owner, operator, or tenant. Data centers that would have qualified for a certificate of exemption prior to January 1, 2020 had Public Act 101-31 been in effect may apply for and obtain an exemption for subsequent purchases of computer equipment or enabling software purchased or leased to upgrade, supplement, or replace computer equipment or enabling software purchased or leased in the original investment that would have qualified.

The Department of Commerce and Economic Opportunity shall grant a certificate of exemption under this item (40) to qualified data centers as defined by Section 605-1025 of the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois.

For the purposes of this item (40):

"Data center" means a building or a series of buildings rehabilitated or constructed to house working servers in one physical location or multiple sites within the State of Illinois.

"Qualified tangible personal property" means: electrical systems and equipment; climate control and chilling equipment and systems; mechanical systems and equipment; monitoring and secure systems; emergency generators; hardware; computers; servers; data storage devices; network connectivity equipment; racks; cabinets; telecommunications cabling infrastructure; raised floor systems; peripheral components or systems; software; mechanical, electrical, or plumbing systems; battery systems; cooling systems and towers; temperature control systems; other cabling; and other data center infrastructure equipment and systems necessary to operate qualified

tangible personal property, including **NON-CONFIDENTIAL** fixtures, and component parts of any of the foregoing, including installation, maintenance, repair, refurbishment, and replacement of qualified tangible personal property to generate, transform, transmit, distribute, or manage electricity necessary to operate qualified tangible personal property; and all other tangible personal property that is essential to the operations of a computer data center. The term "qualified tangible personal property" also includes building materials physically incorporated into the qualifying data center. To document the exemption allowed under this Section, the retailer must obtain from the purchaser a copy of the certificate of eligibility issued by the Department of Commerce and Economic Opportunity.

This item (40) is exempt from the provisions of Section 3-90.

(41) Beginning July 1, 2022, breast pumps, breast pump collection and storage supplies, and breast pump kits. This item (41) is exempt from the provisions of Section 3-90. As used in this item (41):

"Breast pump" means an electrically controlled or manually controlled pump device designed or marketed to be used to express milk from a human breast during lactation, including the pump device and any battery, AC adapter, or other power supply unit that is used to power the pump device and is packaged and sold with the pump device at the time of sale.

"Breast pump collection and storage supplies" means items of tangible personal property designed or marketed to be used in conjunction with a breast pump to collect milk expressed from a human breast and to store collected milk until it is ready for consumption.

"Breast pump collection and storage supplies" includes, but is not limited to: breast shields and breast shield connectors; breast pump tubes and tubing adapters; breast pump valves and membranes; backflow protectors and backflow protector adaptors; bottles and bottle caps specific to the operation of the breast pump; and breast milk storage bags.

"Breast pump collection and storage supplies" does not include: (1) bottles and bottle caps not specific to the operation of the breast pump; (2) breast pump travel bags and other similar carrying accessories, including ice packs, labels, and other similar products; (3) breast pump cleaning supplies; (4) nursing bras, bra pads, breast shells, and other similar products; and (5) creams, ointments, and other similar products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples, unless sold as part of a breast pump kit that is pre-packaged by the breast pump manufacturer or distributor.

"Breast pump kit" means a kit that: (1) contains no more than a breast pump, breast pump collection and storage supplies, a rechargeable battery for operating the breast pump, a breastmilk cooler, bottle stands, ice packs, and a breast pump carrying case; and (2) is pre-packaged as a breast pump kit by the breast pump manufacturer or distributor.

(42) Tangible personal property sold by or on behalf of the State Treasurer pursuant to the Revised Uniform Unclaimed Property Act. This item (42) is exempt from the provisions of Section 3-90.

(43) Beginning on January 1, 2024, tangible personal property purchased by an active duty member of the armed forces of the United States who presents valid military identification

and purchases the property using a form of payment where the federal government is the payor. The member of the armed forces must complete, at the point of sale, a form prescribed by the Department of Revenue documenting that the transaction is eligible for the exemption under this paragraph. Retailers must keep the form as documentation of the exemption in their records for a period of not less than 6 years. "Armed forces of the United States" means the United States Army, Navy, Air Force, Marine Corps, or Coast Guard. This paragraph is exempt from the provisions of Section 3-90.

(Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70, Section 70-5, eff. 4-19-22; 102-700, Article 75, Section 75-5, eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section 5-5, eff. 6-7-23; 103-9, Article 15, Section 15-5, eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; 103-605, eff. 7-1-24.)

(Text of Section from P.A. 103-643)

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 July 1, 2001 (the effective date of Public Act 92-35), 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) Except as otherwise provided in this Act, 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. Beginning on July 1, 2017, graphic arts machinery and equipment is included in the manufacturing and assembling machinery and equipment exemption under paragraph (18).

(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 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.

Beginning on January 1, 2024, farm machinery and equipment also includes electrical power generation equipment used primarily for production agriculture.

This item (11) is exempt from the provisions of Section 3-90.

(12) Until June 30, 2013, 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.

Beginning July 1, 2013, 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 that (i) is engaged in foreign trade or is engaged in trade between the United States and any of its possessions and (ii) transports at least one individual or package for hire from the city of origination to the city of final destination on the same aircraft, without regard to a change in the flight number of that aircraft.

(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, 2028, coal and aggregate exploration, mining, off-highway 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. The changes made to this Section by Public Act 97-767 apply on and after July 1, 2003, but no claim for credit or refund is allowed on or after August 16, 2013 (the effective date of Public Act 98-456) for such taxes paid during the period beginning July 1, 2003 and ending on August 16, 2013 (the effective date of Public Act 98-456).

(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. The exemption provided by this paragraph (18) includes production related tangible personal property, as defined in Section 3-50, purchased on or after July 1, 2019. The exemption provided by this paragraph (18) does not include machinery and equipment used in (i) the generation of

electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of Public Act 98-583 are declaratory of existing law as to the meaning and scope of this exemption. Beginning on July 1, 2017, the exemption provided by this paragraph (18) includes, but is not limited to, graphic arts machinery and equipment, as defined in paragraph (6) of this Section.

(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, the MC/DD Act, or the Specialized Mental Health Rehabilitation Act of 2013.

(31) Beginning on August 2, 2001 (the effective date of Public Act 92-227), 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 August 2, 2001 (the effective date of Public Act 92-227), 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. ~~11, 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 and continuing through December 31, 2029, 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. However, until January 1, 2024, this exemption 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.

Beginning January 1, 2010 and continuing through December 31, 2023, this exemption applies only to the use of qualifying tangible personal property by persons who modify, refurbish, complete, repair, replace, or maintain aircraft and who (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. From January 1, 2024 through December 31, 2029, this exemption applies only to the use of qualifying tangible personal property by: (A) persons who modify, refurbish, complete, repair, replace, or maintain aircraft and who (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; and (B) persons who engage in the modification, replacement, repair, and maintenance of aircraft engines or power plants without regard to whether or not those persons meet the qualifications of item (A).

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. The changes made to this paragraph (35) by Public Act 98-534 are declarative of existing law. It is the intent of the General Assembly that the exemption under this paragraph (35) applies continuously from January 1, 2010 through December 31, 2024; however, no claim for credit or refund is allowed for taxes paid as a result of the disallowance of this exemption on or after January 1, 2015 and prior to February 5, 2020 (the effective date of Public Act 101-629).

(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.

(37) Beginning January 1, 2017 and through December 31, 2026, menstrual pads, tampons, and menstrual cups.

(38) Merchandise that is subject to the Rental Purchase Agreement Occupation and Use Tax. The purchaser must certify that the item is purchased to be rented subject to a rental-purchase agreement, as defined in the Rental-Purchase Agreement Act, and provide proof of registration under the Rental Purchase Agreement Occupation and Use Tax Act. This paragraph is exempt from the provisions of Section 3-90.

(39) Tangible personal property purchased by a purchaser who is exempt from the tax imposed by this Act by operation of federal law. This paragraph is exempt from the provisions of Section 3-90.

(40) Qualified tangible personal property used in the construction or operation of a data center that has been granted a certificate of exemption by the Department of Commerce and Economic Opportunity, whether that tangible personal property is purchased by the owner, operator, or tenant of the data center or by a contractor or subcontractor of the owner, operator, or tenant. Data centers that would have qualified for a certificate of exemption prior to January 1, 2020 had Public Act 101-31 been in effect may apply for and obtain an exemption for subsequent purchases of computer equipment or enabling software purchased or leased to upgrade, supplement, or replace computer equipment or enabling software purchased or leased in the original investment that would have qualified.

The Department of Commerce and Economic Opportunity shall grant a certificate of exemption under this item (40) to qualified data centers as defined by Section 605-1025 of the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois.

For the purposes of this item (40):

"Data center" means a building or a series of buildings rehabilitated or constructed to house working servers in one physical location or multiple sites within the State of Illinois.

"Qualified tangible personal property" means: electrical systems and equipment; climate control and chilling equipment and systems; mechanical systems and equipment; monitoring and secure systems; emergency

generators; hardware; computers; servers; data storage devices; network connectivity equipment; racks; cabinets; telecommunications cabling infrastructure; raised floor systems; peripheral components or systems; software; mechanical, electrical, or plumbing systems; battery systems; cooling systems and towers; temperature control systems; other cabling; and other data center infrastructure equipment and systems necessary to operate qualified tangible personal property, including fixtures; and component parts of any of the foregoing, including installation, maintenance, repair, refurbishment, and replacement of qualified tangible personal property to generate, transform, transmit, distribute, or manage electricity necessary to operate qualified tangible personal property; and all other tangible personal property that is essential to the operations of a computer data center. The term "qualified tangible personal property" also includes building materials physically incorporated into the qualifying data center. To document the exemption allowed under this Section, the retailer must obtain from the purchaser a copy of the certificate of eligibility issued by the Department of Commerce and Economic Opportunity.

This item (40) is exempt from the provisions of Section 3-90.

(41) Beginning July 1, 2022, breast pumps, breast pump collection and storage supplies, and breast pump kits. This item (41) is exempt from the provisions of Section 3-90. As used in this item (41):

"Breast pump" means an electrically controlled or manually controlled pump device designed or marketed to be used to express milk from a human breast during lactation, including the pump device and any battery, AC adapter, or other power supply unit that is used to power the pump device and is packaged and sold with the pump device at the time of sale.

"Breast pump collection and storage supplies" means items of tangible personal property designed or marketed to be used in conjunction with a breast pump to collect milk expressed from a human breast and to store collected milk until it is ready for consumption.

"Breast pump collection and storage supplies" includes, but is not limited to: breast shields and breast shield connectors; breast pump tubes and tubing adapters; breast pump valves and membranes; backflow protectors and backflow protector adaptors; bottles and bottle caps specific to the operation of the breast pump; and breast milk storage bags.

"Breast pump collection and storage supplies" does not include: (1) bottles and bottle caps not specific to the operation of the breast pump; (2) breast pump travel bags and other similar carrying accessories, including ice packs, labels, and other similar products; (3) breast pump cleaning supplies; (4) nursing bras, bra pads, breast shells, and other similar products; and (5) creams, ointments, and other similar products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples, unless sold as part of a breast pump kit that is pre-packaged by the breast pump manufacturer or distributor.

"Breast pump kit" means a kit that: (1) contains no more than a breast pump, breast pump collection and storage supplies, a rechargeable battery for operating the breast pump, a breastmilk cooler, bottle stands, ice packs, and a breast pump carrying case; and (2) is pre-packaged as a

breast pump kit by the breast pump manufacturer or distributor. **NON-CONFIDENTIAL**

(42) Tangible personal property sold by or on behalf of the State Treasurer pursuant to the Revised Uniform Unclaimed Property Act. This item (42) is exempt from the provisions of Section 3-90.

(43) Beginning on January 1, 2024, tangible personal property purchased by an active duty member of the armed forces of the United States who presents valid military identification and purchases the property using a form of payment where the federal government is the payor. The member of the armed forces must complete, at the point of sale, a form prescribed by the Department of Revenue documenting that the transaction is eligible for the exemption under this paragraph. Retailers must keep the form as documentation of the exemption in their records for a period of not less than 6 years. "Armed forces of the United States" means the United States Army, Navy, Air Force, Marine Corps, or Coast Guard. This paragraph is exempt from the provisions of Section 3-90.

(44) Beginning July 1, 2024, home-delivered meals provided to Medicare or Medicaid recipients when payment is made by an intermediary, such as a Medicare Administrative Contractor, a Managed Care Organization, or a Medicare Advantage Organization, pursuant to a government contract. This item (44) is exempt from the provisions of Section 3-90.

(Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70, Section 70-5, eff. 4-19-22; 102-700, Article 75, Section 75-5, eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section 5-5, eff. 6-7-23; 103-9, Article 15, Section 15-5, eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; 103-643, eff. 7-1-24.)

(Text of Section from P.A. 103-746)

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 July 1, 2001 (the effective date of Public Act 92-35), 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) Except as otherwise provided in this Act, 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. Beginning on July 1, 2017, graphic arts machinery and equipment is included in the manufacturing and assembling machinery and equipment exemption under paragraph (18).

(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 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.

Beginning on January 1, 2024, farm machinery and equipment also includes electrical power generation equipment used primarily for production agriculture.

This item (11) is exempt from the provisions of Section 3-90.

(12) Until June 30, 2013, 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.

Beginning July 1, 2013, 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 that (i) is engaged in foreign trade or is engaged in trade between the United States and any of its possessions and (ii) transports at least one individual or package for hire from the city of origination to the city of final destination on the same aircraft, without regard to a change in the flight number of that aircraft.

(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, 2028, coal and aggregate exploration, mining, off-highway 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. The changes made to this Section by Public Act 97-767 apply on and after July 1, 2003, but no claim for credit or refund is allowed on or after August 16, 2013 (the effective date of Public Act 98-456) for such taxes paid during the period beginning July 1, 2003 and ending on August 16, 2013 (the effective date of Public Act 98-456).

(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. The exemption provided by this paragraph (18) includes production related tangible personal property, as defined in Section 3-50, purchased on or after July 1, 2019. The exemption provided by this paragraph (18) does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of Public Act 98-583 are declaratory of existing law as to the meaning and scope of this exemption. Beginning on July 1, 2017, the exemption provided by this paragraph (18) includes, but is not limited to, graphic arts machinery and equipment, as defined in paragraph (6) of this Section.

(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. **NON-CONFIDENTIAL**

(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, the MC/DD Act, or the Specialized Mental Health Rehabilitation Act of 2013.

(31) Beginning on August 2, 2001 (the effective date of Public Act 92-227), 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 August 2, 2001 (the effective date of Public Act 92-227), 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 and continuing through December 31, 2029, 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. However, until January 1, 2024, this exemption 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.

Beginning January 1, 2010 and continuing through December 31, 2023, this exemption applies only to the use of qualifying tangible personal property by persons who modify, refurbish, complete, repair, replace, or maintain aircraft and who (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. From January 1, 2024 through December 31, 2029, this exemption applies only to the use of qualifying tangible personal property by: (A) persons who modify, refurbish, complete, repair, replace, or maintain aircraft and who (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; and (B) persons who engage in the modification, replacement, repair, and maintenance of aircraft engines or power plants without regard to whether or not those persons meet the qualifications of item (A).

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. The changes made to this paragraph (35) by Public Act 98-534 are declarative of existing law. It is the intent of the General Assembly that the exemption under this paragraph (35) applies continuously from January 1, 2010 through December 31, 2024; however, no claim for credit or refund is allowed for taxes paid as a result of the disallowance of this exemption on or after January 1, 2015 and prior to February 5, 2020 (the effective date of Public Act 101-629).

(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.

(37) Beginning January 1, 2017 and through December 31, 2026, menstrual pads, tampons, and menstrual cups.

(38) Merchandise that is subject to the Rental Purchase Agreement Occupation and Use Tax. The purchaser must certify that the item is purchased to be rented subject to a rental-purchase agreement, as defined in the Rental-Purchase Agreement Act, and provide proof of registration under the Rental Purchase Agreement Occupation and Use Tax Act. This paragraph is exempt from the provisions of Section 3-90.

(39) Tangible personal property purchased by a purchaser who is exempt from the tax imposed by this Act by operation of federal law. This paragraph is exempt from the provisions of Section 3-90.

(40) Qualified tangible personal property used in the construction or operation of a data center that has been granted a certificate of exemption by the Department of Commerce and Economic Opportunity, whether that tangible personal property is purchased by the owner, operator, or tenant of the data center or by a contractor or subcontractor of the owner, operator, or tenant. Data centers that would have qualified for a certificate of exemption prior to January 1, 2020 had Public Act 101-31 been in effect may apply for and obtain an exemption for subsequent purchases of computer equipment or enabling software purchased or leased to upgrade, supplement, or replace computer equipment or enabling software purchased or leased in the original investment that would have qualified.

The Department of Commerce and Economic Opportunity shall grant a certificate of exemption under this item (40) to qualified data centers as defined by Section 605-1025 of the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois.

For the purposes of this item (40):

"Data center" means a building or a series of buildings rehabilitated or constructed to house working servers in one physical location or multiple sites within the State of Illinois.

"Qualified tangible personal property" means:

electrical systems and equipment; climate control and chilling equipment and systems; mechanical systems and equipment; monitoring and secure systems; emergency generators; hardware; computers; servers; data storage devices; network connectivity equipment; racks; cabinets; telecommunications cabling infrastructure; raised floor systems; peripheral components or systems; software; mechanical, electrical, or plumbing systems; battery systems; cooling systems and towers; temperature control systems; other cabling; and other data center infrastructure equipment and systems necessary to operate qualified tangible personal property, including fixtures; and component parts of any of the foregoing, including installation, maintenance, repair, refurbishment, and replacement of qualified tangible personal property to generate, transform, transmit, distribute, or manage electricity necessary to operate qualified tangible personal property; and all other tangible personal property that is essential to the operations of a computer data center. The term "qualified tangible personal property" also includes building materials physically incorporated into the qualifying data center. To document the exemption allowed under this Section, the retailer must obtain from the purchaser a copy of the certificate of eligibility issued by the Department of Commerce and Economic Opportunity.

This item (40) is exempt from the provisions of Section 3-90.

(41) Beginning July 1, 2022, breast pumps, breast pump collection and storage supplies, and breast pump kits. This item (41) is exempt from the provisions of Section 3-90. As used in this item (41):

"Breast pump" means an electrically controlled or manually controlled pump device designed or marketed to be used to express milk from a human breast during lactation, including the pump device and any battery, AC adapter, or other power supply unit that is used to power the pump device and is packaged and sold with the pump device at the time of sale.

"Breast pump collection and storage supplies" means items of tangible personal property designed or marketed to be used in conjunction with a breast pump to collect milk expressed from a human breast and to store collected milk until it is ready for consumption.

"Breast pump collection and storage supplies" includes, but is not limited to: breast shields and breast shield connectors; breast pump tubes and tubing adapters; breast pump valves and membranes; backflow protectors and backflow protector adaptors; bottles and bottle caps specific to the operation of the breast pump; and breast milk storage bags.

"Breast pump collection and storage supplies" does not include: (1) bottles and bottle caps not specific to the operation of the breast pump; (2) breast pump travel bags

and other similar carrying accessories, including ice packs, labels, and other similar products; (3) breast pump cleaning supplies; (4) nursing bras, bra pads, breast shells, and other similar products; and (5) creams, ointments, and other similar products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples, unless sold as part of a breast pump kit that is pre-packaged by the breast pump manufacturer or distributor.

"Breast pump kit" means a kit that: (1) contains no more than a breast pump, breast pump collection and storage supplies, a rechargeable battery for operating the breast pump, a breastmilk cooler, bottle stands, ice packs, and a breast pump carrying case; and (2) is pre-packaged as a breast pump kit by the breast pump manufacturer or distributor.

(42) Tangible personal property sold by or on behalf of the State Treasurer pursuant to the Revised Uniform Unclaimed Property Act. This item (42) is exempt from the provisions of Section 3-90.

(43) Beginning on January 1, 2024, tangible personal property purchased by an active duty member of the armed forces of the United States who presents valid military identification and purchases the property using a form of payment where the federal government is the payor. The member of the armed forces must complete, at the point of sale, a form prescribed by the Department of Revenue documenting that the transaction is eligible for the exemption under this paragraph. Retailers must keep the form as documentation of the exemption in their records for a period of not less than 6 years. "Armed forces of the United States" means the United States Army, Navy, Air Force, Space Force, Marine Corps, or Coast Guard. This paragraph is exempt from the provisions of Section 3-90.

(Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70, Section 70-5, eff. 4-19-22; 102-700, Article 75, Section 75-5, eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section 5-5, eff. 6-7-23; 103-9, Article 15, Section 15-5, eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; 103-746, eff. 1-1-25.)

(Text of Section from P.A. 103-781)

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 July 1, 2001 (the effective date of Public Act 92-35), 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) Except as otherwise provided in this Act, 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. Beginning on July 1, 2017, graphic arts machinery and equipment is included in the manufacturing and assembling machinery and equipment exemption under paragraph (18).

(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 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.

Beginning on January 1, 2024, farm machinery and equipment also includes electrical power generation equipment used primarily for production agriculture.

This item (11) is exempt from the provisions of Section 3-90.

(12) Until June 30, 2013, 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.

Beginning July 1, 2013, 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 that (i) is engaged in foreign trade or is engaged in trade between the United States and any of its possessions and (ii) transports at least one individual or package for hire from the city of origination to the city of final destination on the same aircraft, without regard to a change in the flight number of that aircraft.

(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, 2028, coal and aggregate exploration, mining, off-highway 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. The changes made to this Section by Public Act 97-767 apply on and after July 1, 2003, but no claim for credit or refund is allowed on or after August 16, 2013 (the effective date of Public Act 98-456) for such taxes paid during the period beginning July 1, 2003 and ending on August 16, 2013

(the effective date of Public Act 98-456).

(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. The exemption provided by this paragraph (18) includes production related tangible personal property, as defined in Section 3-50, purchased on or after July 1, 2019. The exemption provided by this paragraph (18) does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of Public Act 98-583 are declaratory of existing law as to the meaning and scope of this exemption. Beginning on July 1, 2017, the exemption provided by this paragraph (18) includes, but is not limited to, graphic arts machinery and equipment, as defined in paragraph (6) of this Section.

(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, the MC/DD Act, or the Specialized Mental Health Rehabilitation Act of 2013.

(31) Beginning on August 2, 2001 (the effective date of Public Act 92-227), 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 August 2, 2001 (the effective date of Public Act 92-227), 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 and continuing through December 31, 2029, 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. However, until January 1, 2024, this exemption 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.

Beginning January 1, 2010 and continuing through December 31, 2023, this exemption applies only to the use of qualifying tangible personal property by persons who modify, refurbish, complete, repair, replace, or maintain aircraft and who (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. From January 1, 2024 through December 31, 2029, this exemption applies only to the use of qualifying tangible personal property by: (A) persons who modify, refurbish, complete, repair, replace, or maintain aircraft and who (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; and (B) persons who engage in the modification, replacement, repair, and maintenance of aircraft engines or power plants without regard to whether or not those persons meet the qualifications of item (A).

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. The changes made to this paragraph (35) by Public Act 98-534 are declarative of existing law. It is the intent of the General Assembly that the exemption under this paragraph (35) applies continuously from January 1, 2010 through December 31, 2024; however, no claim for credit or refund is allowed for taxes paid as a result of the disallowance of this exemption on or after January 1, 2015 and prior to February 5, 2020 (the effective date of Public Act 101-629).

(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.

(37) Beginning January 1, 2017 and through December 31, 2026, menstrual pads, tampons, and menstrual cups.

(38) Merchandise that is subject to the Rental Purchase Agreement Occupation and Use Tax. The purchaser must certify that the item is purchased to be rented subject to a rental-purchase agreement, as defined in the Rental-Purchase Agreement Act, and provide proof of registration under the Rental Purchase Agreement Occupation and Use Tax Act. This paragraph is exempt from the provisions of Section 3-90.

(39) Tangible personal property purchased by a purchaser who is exempt from the tax imposed by this Act by operation of federal law. This paragraph is exempt from the provisions of Section 3-90.

(40) Qualified tangible personal property used in the construction or operation of a data center that has been granted a certificate of exemption by the Department of Commerce and Economic Opportunity, whether that tangible personal property is purchased by the owner, operator, or tenant of the data center

or by a contractor or subcontractor of the owner, operator, or tenant. Data centers that would have qualified for a certificate of exemption prior to January 1, 2020 had Public Act 101-31 been in effect may apply for and obtain an exemption for subsequent purchases of computer equipment or enabling software purchased or leased to upgrade, supplement, or replace computer equipment or enabling software purchased or leased in the original investment that would have qualified.

The Department of Commerce and Economic Opportunity shall grant a certificate of exemption under this item (40) to qualified data centers as defined by Section 605-1025 of the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois.

For the purposes of this item (40):

"Data center" means a building or a series of buildings rehabilitated or constructed to house working servers in one physical location or multiple sites within the State of Illinois.

"Qualified tangible personal property" means: electrical systems and equipment; climate control and chilling equipment and systems; mechanical systems and equipment; monitoring and secure systems; emergency generators; hardware; computers; servers; data storage devices; network connectivity equipment; racks; cabinets; telecommunications cabling infrastructure; raised floor systems; peripheral components or systems; software; mechanical, electrical, or plumbing systems; battery systems; cooling systems and towers; temperature control systems; other cabling; and other data center infrastructure equipment and systems necessary to operate qualified tangible personal property, including fixtures; and component parts of any of the foregoing, including installation, maintenance, repair, refurbishment, and replacement of qualified tangible personal property to generate, transform, transmit, distribute, or manage electricity necessary to operate qualified tangible personal property; and all other tangible personal property that is essential to the operations of a computer data center. The term "qualified tangible personal property" also includes building materials physically incorporated into the qualifying data center. To document the exemption allowed under this Section, the retailer must obtain from the purchaser a copy of the certificate of eligibility issued by the Department of Commerce and Economic Opportunity.

This item (40) is exempt from the provisions of Section 3-90.

(41) Beginning July 1, 2022, breast pumps, breast pump collection and storage supplies, and breast pump kits. This item (41) is exempt from the provisions of Section 3-90. As used in this item (41):

"Breast pump" means an electrically controlled or manually controlled pump device designed or marketed to be used to express milk from a human breast during lactation, including the pump device and any battery, AC adapter, or other power supply unit that is used to power the pump device and is packaged and sold with the pump device at the time of sale.

"Breast pump collection and storage supplies" means items of tangible personal property designed or marketed to be used in conjunction with a breast pump to collect milk expressed from a human breast and to store collected milk until it is ready for consumption.

"Breast pump collection and storage supplies"

includes, but is not limited to: breast shields and breast shield connectors; breast pump tubes and tubing adapters; breast pump valves and membranes; backflow protectors and backflow protector adaptors; bottles and bottle caps specific to the operation of the breast pump; and breast milk storage bags.

"Breast pump collection and storage supplies" does not include: (1) bottles and bottle caps not specific to the operation of the breast pump; (2) breast pump travel bags and other similar carrying accessories, including ice packs, labels, and other similar products; (3) breast pump cleaning supplies; (4) nursing bras, bra pads, breast shells, and other similar products; and (5) creams, ointments, and other similar products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples, unless sold as part of a breast pump kit that is pre-packaged by the breast pump manufacturer or distributor.

"Breast pump kit" means a kit that: (1) contains no more than a breast pump, breast pump collection and storage supplies, a rechargeable battery for operating the breast pump, a breastmilk cooler, bottle stands, ice packs, and a breast pump carrying case; and (2) is pre-packaged as a breast pump kit by the breast pump manufacturer or distributor.

(42) Tangible personal property sold by or on behalf of the State Treasurer pursuant to the Revised Uniform Unclaimed Property Act. This item (42) is exempt from the provisions of Section 3-90.

(43) Beginning on January 1, 2024, tangible personal property purchased by an active duty member of the armed forces of the United States who presents valid military identification and purchases the property using a form of payment where the federal government is the payor. The member of the armed forces must complete, at the point of sale, a form prescribed by the Department of Revenue documenting that the transaction is eligible for the exemption under this paragraph. Retailers must keep the form as documentation of the exemption in their records for a period of not less than 6 years. "Armed forces of the United States" means the United States Army, Navy, Air Force, Marine Corps, or Coast Guard. This paragraph is exempt from the provisions of Section 3-90.

(44) Beginning on January 1, 2026, as further defined in Section 3-10, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption). This item (44) is exempt from the provisions of Section 3-90.

(Source: P.A. 102-16, eff. 6-17-21; 102-700, Article 70, Section 70-5, eff. 4-19-22; 102-700, Article 75, Section 75-5, eff. 4-19-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section 5-5, eff. 6-7-23; 103-9, Article 15, Section 15-5, eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; 103-781, eff. 8-5-24.)

(35 ILCS 105/3-5.1)

Sec. 3-5.1. Biodiesel, renewable diesel, and biodiesel blends.

(a) On and after January 1, 2024 and on or before December 31, 2030, the taxes imposed by this Act, the Service Use Tax Act, the Service Occupation Tax Act, or the Retailers' Occupation Tax Act apply to 100% of the proceeds of sales of (i) biodiesel blends with no less than 1% and no more than 10% of biodiesel and (ii) any diesel fuel containing no less than 1% and no more than 10% of renewable diesel.



(b) From January 1, 2024 through March 31, 2024, the taxes imposed by this Act, the Service Use Tax Act, the Service Occupation Tax Act, or the Retailers' Occupation Tax Act do not apply to the proceeds of sales of any diesel fuel containing more than 10% biodiesel or renewable diesel.

(c) From April 1, 2024 through November 30, 2024, the taxes imposed by this Act, the Service Use Tax Act, the Service Occupation Tax Act, or the Retailers' Occupation Tax Act do not apply to the proceeds of sales of any diesel fuel containing more than 13% biodiesel or renewable diesel.

(d) From December 1, 2024 through March 31, 2025, the taxes imposed by this Act, the Service Use Tax Act, the Service Occupation Tax Act, or the Retailers' Occupation Tax Act do not apply to the proceeds of sales of any diesel fuel containing more than 10% biodiesel or renewable diesel.

(e) From April 1, 2025 through November 30, 2025, the taxes imposed by this Act, the Service Use Tax Act, the Service Occupation Tax Act, or the Retailers' Occupation Tax Act do not apply to the proceeds of sales of any diesel fuel containing more than 16% biodiesel or renewable diesel.

(f) From December 1, 2025 through March 31, 2026, the taxes imposed by this Act, the Service Use Tax Act, the Service Occupation Tax Act, or the Retailers' Occupation Tax Act do not apply to the proceeds of sales of any diesel fuel containing more than 10% biodiesel or renewable diesel.

(g) On and after April 1, 2026 and on or before November 30, 2030, the taxes imposed by this Act, the Service Use Tax Act, the Service Occupation Tax Act, or the Retailers' Occupation Tax Act do not apply to the proceeds of sales of any diesel fuel containing more than 19% biodiesel or renewable diesel; except that, from December 1 of calendar years 2026, 2027, 2028, and 2029 through March 31 of the following calendar year, and from December 1, 2030 through December 31, 2030, the taxes imposed by this Act, the Service Use Tax Act, the Service Occupation Tax Act, or the Retailers' Occupation Tax Act do not apply to the proceeds of sales of any diesel fuel containing more than 10% biodiesel or renewable diesel.

(h) This Section is exempt from the provisions of Section 3-90 of this Act, Section 3-75 of the Service Use Tax Act, Section 3-55 of the Service Occupation Tax Act, and Section 2-70 of the Retailers' Occupation Tax Act.

(Source: P.A. 102-700, eff. 4-19-22.)

#### (35 ILCS 105/3-5.5)

Sec. 3-5.5. Food and drugs sold by not-for-profit organizations; exemption. The Department shall not collect the 1% tax imposed under this Act from any not-for-profit organization that sells food in a food distribution program at a price below the retail cost of the food to purchasers who, as a condition of participation in the program, are required to perform community service, located in a county or municipality that notifies the Department, in writing, that the county or municipality does not want the tax to be collected from any of such organizations located in the county or municipality.

(Source: P.A. 100-1171, eff. 1-4-19.)

#### (35 ILCS 105/3-6)

Sec. 3-6. Sales tax holiday items.

(a) Any tangible personal property described in this subsection is a sales tax holiday item and qualifies for the 1.25% reduced rate of tax for the period set forth in Section 3-10 of this Act (hereinafter referred to as the Sales Tax Holiday Period). The reduced rate on these items shall be administered under the provisions of subsection (b) of this Section. The

following items are subject to the reduced rate. **NON-CONFIDENTIAL**

(1) Clothing items that each have a retail selling price of less than \$125.

"Clothing" means, unless otherwise specified in this Section, all human wearing apparel suitable for general use. "Clothing" does not include clothing accessories, protective equipment, or sport or recreational equipment. "Clothing" includes, but is not limited to: household and shop aprons; athletic supporters; bathing suits and caps; belts and suspenders; boots; coats and jackets; ear muffs; footlets; gloves and mittens for general use; hats and caps; hosiery; insoles for shoes; lab coats; neckties; overshoes; pantyhose; rainwear; rubber pants; sandals; scarves; shoes and shoelaces; slippers; sneakers; socks and stockings; steel-toed shoes; underwear; and school uniforms.

"Clothing accessories" means, but is not limited to: briefcases; cosmetics; hair notions, including, but not limited to barrettes, hair bows, and hair nets; handbags; handkerchiefs; jewelry; non-prescription sunglasses; umbrellas; wallets; watches; and wigs and hair pieces.

"Protective equipment" means, but is not limited to: breathing masks; clean room apparel and equipment; ear and hearing protectors; face shields; hard hats; helmets; paint or dust respirators; protective gloves; safety glasses and goggles; safety belts; tool belts; and welder's gloves and masks.

"Sport or recreational equipment" means, but is not limited to: ballet and tap shoes; cleated or spiked athletic shoes; gloves, including, but not limited to, baseball, bowling, boxing, hockey, and golf gloves; goggles; hand and elbow guards; life preservers and vests; mouth guards; roller and ice skates; shin guards; shoulder pads; ski boots; waders; and wetsuits and fins.

(2) School supplies. "School supplies" means, unless otherwise specified in this Section, items used by a student in a course of study. The purchase of school supplies for use by persons other than students for use in a course of study are not eligible for the reduced rate of tax. "School supplies" do not include school art supplies; school instructional materials; cameras; film and memory cards; videocameras, tapes, and videotapes; computers; cell phones; Personal Digital Assistants (PDAs); handheld electronic schedulers; and school computer supplies.

"School supplies" includes, but is not limited to: binders; book bags; calculators; cellophane tape; blackboard chalk; compasses; composition books; crayons; erasers; expandable, pocket, plastic, and manila folders; glue, paste, and paste sticks; highlighters; index cards; index card boxes; legal pads; lunch boxes; markers; notebooks; paper, including loose leaf ruled notebook paper, copy paper, graph paper, tracing paper, manila paper, colored paper, poster board, and construction paper; pencils; pencil leads; pens; ink and ink refills for pens; pencil boxes and other school supply boxes; pencil sharpeners; protractors; rulers; scissors; and writing tablets.

"School art supply" means an item commonly used by a student in a course of study for artwork and includes only the following items: clay and glazes; acrylic, tempera, and oil paint; paintbrushes for artwork; sketch and drawing pads; and watercolors.

"School instructional material" means written material commonly used by a student in a course of study as a reference and to learn the subject being taught and

includes only the following items: ~~reference books;~~ **NON-CONFIDENTIAL**; reference maps and globes; textbooks; and workbooks.

"School computer supply" means an item commonly used by a student in a course of study in which a computer is used and applies only to the following items: flashdrives and other computer data storage devices; data storage media, such as diskettes and compact disks; boxes and cases for disk storage; external ports or drives; computer cases; computer cables; computer printers; and printer cartridges, toner, and ink.

(b) Administration. Notwithstanding any other provision of this Act, the reduced rate of tax under Section 3-10 of this Act for clothing and school supplies shall be administered by the Department under the provisions of this subsection (b).

(1) Bundled sales. Items that qualify for the reduced rate of tax that are bundled together with items that do not qualify for the reduced rate of tax and that are sold for one itemized price will be subject to the reduced rate of tax only if the value of the items that qualify for the reduced rate of tax exceeds the value of the items that do not qualify for the reduced rate of tax.

(2) Coupons and discounts. An unreimbursed discount by the seller reduces the sales price of the property so that the discounted sales price determines whether the sales price is within a sales tax holiday price threshold. A coupon or other reduction in the sales price is treated as a discount if the seller is not reimbursed for the coupon or reduction amount by a third party.

(3) Splitting of items normally sold together. Articles that are normally sold as a single unit must continue to be sold in that manner. Such articles cannot be priced separately and sold as individual items in order to obtain the reduced rate of tax. For example, a pair of shoes cannot have each shoe sold separately so that the sales price of each shoe is within a sales tax holiday price threshold.

(4) Rain checks. A rain check is a procedure that allows a customer to purchase an item at a certain price at a later time because the particular item was out of stock. Eligible property that customers purchase during the Sales Tax Holiday Period with the use of a rain check will qualify for the reduced rate of tax regardless of when the rain check was issued. Issuance of a rain check during the Sales Tax Holiday Period will not qualify eligible property for the reduced rate of tax if the property is actually purchased after the Sales Tax Holiday Period.

(5) Exchanges. The procedure for an exchange in regards to a sales tax holiday is as follows:

(A) If a customer purchases an item of eligible property during the Sales Tax Holiday Period, but later exchanges the item for a similar eligible item, even if a different size, different color, or other feature, no additional tax is due even if the exchange is made after the Sales Tax Holiday Period.

(B) If a customer purchases an item of eligible property during the Sales Tax Holiday Period, but after the Sales Tax Holiday Period has ended, the customer returns the item and receives credit on the purchase of a different item, the 6.25% general merchandise sales tax rate is due on the sale of the newly purchased item.

(C) If a customer purchases an item of eligible property before the Sales Tax Holiday Period, but during the Sales Tax Holiday Period the customer returns the item and receives credit on the purchase of a different

item of eligible property, the reduced rate of tax is due on the sale of the new item if the new item is purchased during the Sales Tax Holiday Period.

(6) (Blank).

(7) Order date and back orders. For the purpose of a sales tax holiday, eligible property qualifies for the reduced rate of tax if: (i) the item is both delivered to and paid for by the customer during the Sales Tax Holiday Period or (ii) the customer orders and pays for the item and the seller accepts the order during the Sales Tax Holiday Period for immediate shipment, even if delivery is made after the Sales Tax Holiday Period. The seller accepts an order when the seller has taken action to fill the order for immediate shipment. Actions to fill an order include placement of an "in date" stamp on an order or assignment of an "order number" to an order within the Sales Tax Holiday Period. An order is for immediate shipment when the customer does not request delayed shipment. An order is for immediate shipment notwithstanding that the shipment may be delayed because of a backlog of orders or because stock is currently unavailable to, or on back order by, the seller.

(8) Returns. For a 60-day period immediately after the Sales Tax Holiday Period, if a customer returns an item that would qualify for the reduced rate of tax, credit for or refund of sales tax shall be given only at the reduced rate unless the customer provides a receipt or invoice that shows tax was paid at the 6.25% general merchandise rate, or the seller has sufficient documentation to show that tax was paid at the 6.25% general merchandise rate on the specific item. This 60-day period is set solely for the purpose of designating a time period during which the customer must provide documentation that shows that the appropriate sales tax rate was paid on returned merchandise. The 60-day period is not intended to change a seller's policy on the time period during which the seller will accept returns.

(c) The Department may implement the provisions of this Section through the use of emergency rules, along with permanent rules filed concurrently with such emergency rules, in accordance with the provisions of Section 5-45 of the Illinois Administrative Procedure Act. For purposes of the Illinois Administrative Procedure Act, the adoption of rules to implement the provisions of this Section shall be deemed an emergency and necessary for the public interest, safety, and welfare.

(Source: P.A. 102-700, eff. 4-19-22.)

(35 ILCS 105/3-7)

Sec. 3-7. Aggregate manufacturing exemption. Through June 30, 2003, the use of 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, is exempt from the tax imposed by this Act.

(Source: P.A. 92-603, eff. 6-28-02; 93-24, eff. 6-20-03.)

(35 ILCS 105/3-8)

(Text of Section from P.A. 102-700)

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, Medicare patients with disabilities 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.

(f) (Blank).

(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 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.

(i) It is the intent of the General Assembly that any exemptions taken, granted, or renewed under this Section prior to the effective date of this amendatory Act of the 100th General Assembly are hereby validated.

(j) It is the intent of the General Assembly that the exemption under this Section applies on a continuous basis. If this amendatory Act of the 102nd General Assembly takes effect after July 1, 2022, any exemptions taken, granted, or renewed under this Section on or after July 1, 2022 and prior to the effective date of this amendatory Act of the 102nd General Assembly are hereby validated.

(k) This Section is exempt from the provisions of Section 3-90.

(Source: P.A. 102-700, eff. 4-19-22.)

(Text of Section from P.A. 102-886)

Sec. 3-8. Hospital exemption.

(a) Until July 1, 2027, 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.~~ **NON-CONFIDENTIAL** 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, Medicare patients with disabilities 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.

(f) (Blank).

(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), **NON-CONFIDENTIAL**  
 (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 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.

(i) It is the intent of the General Assembly that any exemptions taken, granted, or renewed under this Section prior to the effective date of this amendatory Act of the 100th General Assembly are hereby validated.

(j) It is the intent of the General Assembly that the exemption under this Section applies on a continuous basis. If this amendatory Act of the 102nd General Assembly takes effect after July 1, 2022, any exemptions taken, granted, or renewed under this Section on or after July 1, 2022 and prior to the effective date of this amendatory Act of the 102nd General Assembly are hereby validated.

(Source: P.A. 102-886, eff. 5-17-22.)

(35 ILCS 105/3-10)

(Text of Section from P.A. 103-592)

Sec. 3-10. Rate of tax. Unless otherwise provided in this Section, the tax imposed by this Act is at the rate of 6.25% of either the selling price or the fair market value, if any, of the tangible personal property, which, on and after January 1, 2025, includes leases of tangible personal property. In all cases where property functionally used or consumed is the same as the property that was purchased at retail, then the tax is imposed on the selling price of the property. In all cases where property functionally used or consumed is a by-product or waste product that has been refined, manufactured, or produced from

property purchased at retail, then the tax is imposed on the lower of the fair market value, if any, of the specific property so used in this State or on the selling price of the property purchased at retail. For purposes of this Section "fair market value" means the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts. The fair market value shall be established by Illinois sales by the taxpayer of the same property as that functionally used or consumed, or if there are no such sales by the taxpayer, then comparable sales or purchases of property of like kind and character in Illinois.

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

Beginning on August 6, 2010 through August 15, 2010, and beginning again on August 5, 2022 through August 14, 2022, with respect to sales tax holiday items as defined in Section 3-6 of this Act, the tax is imposed at the rate of 1.25%.

With respect to gasohol, the tax imposed by this Act applies to (i) 70% of the proceeds of sales made on or after January 1, 1990, and before July 1, 2003, (ii) 80% of the proceeds of sales made on or after July 1, 2003 and on or before July 1, 2017, (iii) 100% of the proceeds of sales made after July 1, 2017 and prior to January 1, 2024, (iv) 90% of the proceeds of sales made on or after January 1, 2024 and on or before December 31, 2028, and (v) 100% of the proceeds of sales made after December 31, 2028. If, at any time, however, the tax under this Act on sales of gasohol is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of gasohol made during that time.

With respect to mid-range ethanol blends, the tax imposed by this Act applies to (i) 80% of the proceeds of sales made on or after January 1, 2024 and on or before December 31, 2028 and (ii) 100% of the proceeds of sales made thereafter. If, at any time, however, the tax under this Act on sales of mid-range ethanol blends is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of mid-range ethanol blends made during that time.

With respect to majority blended ethanol fuel, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2028 but applies to 100% of the proceeds of sales made thereafter.

With respect to biodiesel blends with no less than 1% and no more than 10% biodiesel, the tax imposed by this Act applies to (i) 80% of the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 and (ii) 100% of the proceeds of sales made after December 31, 2018 and before January 1, 2024. On and after January 1, 2024 and on or before December 31, 2030, the taxation of biodiesel, renewable diesel, and biodiesel blends shall be as provided in Section 3-5.1. If, at any time, however, the tax under this Act on sales of biodiesel blends with no less than 1% and no more than 10% biodiesel is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of biodiesel blends with no less than 1% and no more than 10% biodiesel made during that time.

With respect to biodiesel and biodiesel blends with more than 10% but no more than 99% biodiesel, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2023. On and after January 1, 2024 and on or before December 31, 2030, the taxation of biodiesel, renewable diesel, and biodiesel blends shall be as

provided in Section 3-5.1.

Until July 1, 2022 and beginning again on July 1, 2023, with respect to food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption), the tax is imposed at the rate of 1%. Beginning on July 1, 2022 and until July 1, 2023, with respect to food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption), the tax is imposed at the rate of 0%.

With respect to prescription and nonprescription medicines, drugs, medical appliances, products classified as Class III medical devices by the United States Food and Drug Administration that are used for cancer treatment pursuant to a prescription, as well as any accessories and components related to those devices, modifications to a motor vehicle for the purpose of rendering it usable by a person with a disability, and insulin, blood sugar testing materials, syringes, and needles used by human diabetics, the tax is imposed at the rate of 1%. For the purposes of this Section, until September 1, 2009: the term "soft drinks" means any complete, finished, ready-to-use, non-alcoholic drink, whether carbonated or not, including, but not limited to, soda water, cola, fruit juice, vegetable juice, carbonated water, and all other preparations commonly known as soft drinks of whatever kind or description that are contained in any closed or sealed bottle, can, carton, or container, regardless of size; but "soft drinks" does not include coffee, tea, non-carbonated water, infant formula, milk or milk products as defined in the Grade A Pasteurized Milk and Milk Products Act, or drinks containing 50% or more natural fruit or vegetable juice.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "soft drinks" means non-alcoholic beverages that contain natural or artificial sweeteners. "Soft drinks" does not include beverages that contain milk or milk products, soy, rice or similar milk substitutes, or greater than 50% of vegetable or fruit juice by volume.

Until August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine. Beginning August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks, candy, and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "food for human consumption that is to be consumed off the premises where it is sold" does not include candy. For purposes of this Section, "candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation that contains flour or requires refrigeration.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "nonprescription medicines and drugs" does not include grooming and hygiene products. For purposes of this Section, "grooming and hygiene products" includes, but is not

limited to, soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, unless those products are available by prescription only, regardless of whether the products meet the definition of "over-the-counter-drugs". For the purposes of this paragraph, "over-the-counter-drug" means a drug for human use that contains a label that identifies the product as a drug as required by 21 CFR 201.66. The "over-the-counter-drug" label includes:

- (A) a "Drug Facts" panel; or
- (B) a statement of the "active ingredient(s)" with a list of those ingredients contained in the compound, substance or preparation.

Beginning on January 1, 2014 (the effective date of Public Act 98-122), "prescription and nonprescription medicines and drugs" includes medical cannabis purchased from a registered dispensing organization under the Compassionate Use of Medical Cannabis Program Act.

As used in this Section, "adult use cannabis" means cannabis subject to tax under the Cannabis Cultivation Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and does not include cannabis subject to tax under the Compassionate Use of Medical Cannabis Program Act.

If the property that is purchased at retail from a retailer is acquired outside Illinois and used outside Illinois before being brought to Illinois for use here and is taxable under this Act, the "selling price" on which the tax is computed shall be reduced by an amount that represents a reasonable allowance for depreciation for the period of prior out-of-state use. No depreciation is allowed in cases where the tax under this Act is imposed on lease receipts.

(Source: P.A. 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-5, eff. 4-19-22; 102-700, Article 60, Section 60-15, eff. 4-19-22; 102-700, Article 65, Section 65-5, eff. 4-19-22; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23; 103-592, eff. 1-1-25.)

(Text of Section from P.A. 103-781)

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

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

Beginning on August 6, 2010 through August 15, 2010, and beginning again on August 5, 2022 through August 14, 2022, with respect to sales tax holiday items as defined in Section 3-6 of



this Act, the tax is imposed at the rate of 1.25%.

With respect to gasohol, the tax imposed by this Act applies to (i) 70% of the proceeds of sales made on or after January 1, 1990, and before July 1, 2003, (ii) 80% of the proceeds of sales made on or after July 1, 2003 and on or before July 1, 2017, (iii) 100% of the proceeds of sales made after July 1, 2017 and prior to January 1, 2024, (iv) 90% of the proceeds of sales made on or after January 1, 2024 and on or before December 31, 2028, and (v) 100% of the proceeds of sales made after December 31, 2028. If, at any time, however, the tax under this Act on sales of gasohol is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of gasohol made during that time.

With respect to mid-range ethanol blends, the tax imposed by this Act applies to (i) 80% of the proceeds of sales made on or after January 1, 2024 and on or before December 31, 2028 and (ii) 100% of the proceeds of sales made thereafter. If, at any time, however, the tax under this Act on sales of mid-range ethanol blends is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of mid-range ethanol blends made during that time.

With respect to majority blended ethanol fuel, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2028 but applies to 100% of the proceeds of sales made thereafter.

With respect to biodiesel blends with no less than 1% and no more than 10% biodiesel, the tax imposed by this Act applies to (i) 80% of the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 and (ii) 100% of the proceeds of sales made after December 31, 2018 and before January 1, 2024. On and after January 1, 2024 and on or before December 31, 2030, the taxation of biodiesel, renewable diesel, and biodiesel blends shall be as provided in Section 3-5.1. If, at any time, however, the tax under this Act on sales of biodiesel blends with no less than 1% and no more than 10% biodiesel is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of biodiesel blends with no less than 1% and no more than 10% biodiesel made during that time.

With respect to biodiesel and biodiesel blends with more than 10% but no more than 99% biodiesel, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2023. On and after January 1, 2024 and on or before December 31, 2030, the taxation of biodiesel, renewable diesel, and biodiesel blends shall be as provided in Section 3-5.1.

Until July 1, 2022 and from July 1, 2023 through December 31, 2025, with respect to food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption), the tax is imposed at the rate of 1%. Beginning on July 1, 2022 and until July 1, 2023, with respect to food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption), the tax is imposed at the rate of 0%. On and after January 1, 2026, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption) is exempt from the tax imposed by this Act.

With respect to prescription and nonprescription medicines,

drugs, medical appliances, products classified as Class III medical devices by the United States Food and Drug Administration that are used for cancer treatment pursuant to a prescription, as well as any accessories and components related to those devices, modifications to a motor vehicle for the purpose of rendering it usable by a person with a disability, and insulin, blood sugar testing materials, syringes, and needles used by human diabetics, the tax is imposed at the rate of 1%. For the purposes of this Section, until September 1, 2009: the term "soft drinks" means any complete, finished, ready-to-use, non-alcoholic drink, whether carbonated or not, including, but not limited to, soda water, cola, fruit juice, vegetable juice, carbonated water, and all other preparations commonly known as soft drinks of whatever kind or description that are contained in any closed or sealed bottle, can, carton, or container, regardless of size; but "soft drinks" does not include coffee, tea, non-carbonated water, infant formula, milk or milk products as defined in the Grade A Pasteurized Milk and Milk Products Act, or drinks containing 50% or more natural fruit or vegetable juice.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "soft drinks" means non-alcoholic beverages that contain natural or artificial sweeteners. "Soft drinks" does not include beverages that contain milk or milk products, soy, rice or similar milk substitutes, or greater than 50% of vegetable or fruit juice by volume.

Until August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine. Beginning August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks, candy, and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "food for human consumption that is to be consumed off the premises where it is sold" does not include candy. For purposes of this Section, "candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation that contains flour or requires refrigeration.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "nonprescription medicines and drugs" does not include grooming and hygiene products. For purposes of this Section, "grooming and hygiene products" includes, but is not limited to, soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, unless those products are available by prescription only, regardless of whether the products meet the definition of "over-the-counter-drugs". For the purposes of this paragraph, "over-the-counter-drug" means a drug for human use that contains a label that identifies the product as a drug as required by 21 CFR 201.66. The "over-the-counter-drug" label includes:

- (A) a "Drug Facts" panel; or
- (B) a statement of the "active ingredient(s)" with a list of those ingredients contained in the compound, substance or preparation.

Beginning on January 1, 2014 (the effective date of Public Act 98-122), "prescription and nonprescription medicines and drugs" includes medical cannabis purchased from a registered dispensing organization under the Compassionate Use of Medical Cannabis Program Act.

As used in this Section, "adult use cannabis" means cannabis subject to tax under the Cannabis Cultivation Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and does not include cannabis subject to tax under the Compassionate Use of Medical Cannabis Program Act.

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

(Source: P.A. 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-5, eff. 4-19-22; 102-700, Article 60, Section 60-15, eff. 4-19-22; 102-700, Article 65, Section 65-5, eff. 4-19-22; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23; 103-781, eff. 8-5-24.)

(35 ILCS 105/3-10.5)

Sec. 3-10.5. Direct payment of retailers' occupation tax and applicable local retailers' occupation tax by purchaser; purchaser relieved of paying use tax and local retailers' occupation tax reimbursement liabilities to retailer.

(a) A retailer who makes a retail sale of tangible personal property to a purchaser who provides the retailer with a copy of the purchaser's valid Direct Pay Permit issued under Section 2-10.5 of the Retailers' Occupation Tax Act is not required under Section 3-45 of this Act to collect the tax imposed by this Act on that sale.

(b) A purchaser who makes a purchase from a retailer who would otherwise incur retailers' occupation tax liability on the transaction and who provides the retailer with a copy of a valid Direct Pay Permit issued under Section 2-10.5 of the Retailers' Occupation Tax Act does not incur the tax imposed by this Act on the purchase. The purchaser assumes the retailer's obligation to pay the retailers' occupation tax directly to the Department, including all local retailers' occupation tax liabilities applicable to that retail sale.

(c) A purchaser who makes a purchase from a retailer who would not incur retailers' occupation tax liability on the transaction and who provides the retailer with a copy of a valid Direct Pay Permit issued under Section 2-10.5 of the Retailers' Occupation Tax Act incurs the tax imposed by this Act on the purchase. If, on any transaction, the retailer is entitled under this Act to a discount for collecting and remitting the tax imposed under this Act to the Department, the right to the discount provided in Section 9 of this Act shall be transferred to the Permit holder. If the retailer would not be entitled to a discount as provided in Section 9 of this Act, then the Permit holder is not entitled to a discount.

(Source: P.A. 92-484, eff. 8-23-01.)

(35 ILCS 105/3-15) (from Ch. 120, par. 439.3-15)

Sec. 3-15. Photoprocessing. For purposes of the tax imposed on photographs, negatives, and positives by this Act, "photoprocessing" includes, but is not limited to, developing films, positives, negatives, and transparencies, and tinting, coloring, making, and enlarging prints. Photoprocessing does not include color separation, typesetting, and platemaking by photographic means in the graphic arts industry and does not include any procedure, process, or activity connected with the

creation of the images on the film from which the negatives, positives, or photographs are derived. The charge for in-house photoprocessing may not be less than the photoprocessor's cost price of materials. In transactions in which products of photoprocessing are sold in conjunction with other services, if a charge for the photoprocessing component is not separately stated, tax is imposed on 50% of the entire selling price unless the sale is made by a professional photographer, in which case tax is imposed on 10% of the entire selling price.  
(Source: P.A. 91-51, eff. 6-30-99.)

(35 ILCS 105/3-20) (from Ch. 120, par. 439.3-20)

Sec. 3-20. Bullion. For purposes of the exemption pertaining to bullion, "bullion" means gold, silver, or platinum in a bulk state with a purity of not less than 980 parts per 1,000.  
(Source: P.A. 91-51, eff. 6-30-99.)

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

Sec. 3-25. Computer software. For the purposes of this Act, "computer software" means a set of statements, data, or instructions to be used directly or indirectly in a computer in order to bring about a certain result in any form in which those statements, data, or instructions may be embodied, transmitted, or fixed, by any method now known or hereafter developed, regardless of whether the statements, data, or instructions are capable of being perceived by or communicated to humans, and includes prewritten or canned software that is held for repeated sale or lease, and all associated documentation and materials, if any, whether contained on magnetic tapes, discs, cards, or other devices or media, but does not include software that is adapted to specific individualized requirements of a purchaser, custom-made and modified software designed for a particular or limited use by a purchaser, or software used to operate exempt machinery and equipment used in the process of manufacturing or assembling tangible personal property for wholesale or retail sale or lease. Software used to operate machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains is considered "computer software". The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this exemption.

For the purposes of this Act, computer software shall be considered to be tangible personal property.  
(Source: P.A. 98-583, eff. 1-1-14.)

(35 ILCS 105/3-27)

Sec. 3-27. Prepaid telephone calling arrangements. "Prepaid telephone calling arrangements" mean the right to exclusively purchase telephone or telecommunications services that must be paid for in advance and enable the origination of one or more intrastate, interstate, or international telephone calls or other telecommunications using an access number, an authorization code, or both, whether manually or electronically dialed, for which payment to a retailer must be made in advance, provided that, unless recharged, no further service is provided once that prepaid amount of service has been consumed. Prepaid telephone calling arrangements include the recharge of a prepaid calling arrangement. For purposes of this Section, "recharge" means the purchase of additional prepaid telephone or telecommunications services whether or not the purchaser

acquires a different access number or authorization code. For purposes of this Section, "telecommunications" means that term as defined in Section 2 of the Telecommunications Excise Tax Act. "Prepaid telephone calling arrangement" does not include an arrangement whereby the service provider reflects the amount of a purchase as a credit on an account for a customer under an existing subscription plan.

(Source: P.A. 91-870, eff. 6-22-00.)

(35 ILCS 105/3-30) (from Ch. 120, par. 439.3-30)

Sec. 3-30. Graphic arts production. For the purposes of this Act, "graphic arts production" means the production of tangible personal property for wholesale or retail sale or lease by means of printing, including ink jet printing, by one or more of the processes described in Groups 323110 through 323122 of Subsector 323, Groups 511110 through 511199 of Subsector 511, and Group 512230 of Subsector 512 of the North American Industry Classification System published by the U.S. Office of Management and Budget, 1997 edition. Graphic arts production does not include (i) the transfer of images onto paper or other tangible personal property by means of photocopying or (ii) final printed products in electronic or audio form, including the production of software or audio-books. For purposes of this Section, persons engaged primarily in the business of printing or publishing newspapers or magazines that qualify as newsprint and ink, by one or more of the processes described in Groups 511110 through 511199 of subsector 511 of the North American Industry Classification System published by the U.S. Office of Management and Budget, 1997 edition, are deemed to be engaged in graphic arts production.

(Source: P.A. 96-116, eff. 7-31-09.)

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

Sec. 3-35. Production agriculture. For purposes of this Act, "production agriculture" means the raising of or the propagation of livestock; crops for sale for human consumption; crops for livestock consumption; and production seed stock grown for the propagation of feed grains and the husbandry of animals or for the purpose of providing a food product, including the husbandry of blood stock as a main source of providing a food product. "Production agriculture" also means animal husbandry, floriculture, aquaculture, horticulture, and viticulture.

(Source: P.A. 91-51, eff. 6-30-99.)

(35 ILCS 105/3-40) (from Ch. 120, par. 439.3-40)

Sec. 3-40. Gasohol. As used in this Act, "gasohol" means motor fuel that is a blend of denatured ethanol and gasoline that contains no more than 1.25% water by weight. Prior to January 1, 2024, the blend must contain 90% gasoline and 10% denatured ethanol. On and after January 1, 2024, the blend must contain 85% gasoline and 15% denatured ethanol. A maximum of one percent error factor in the amount of denatured ethanol used in the blend is allowable to compensate for blending equipment variations. Any person who knowingly sells or represents as gasohol any fuel that does not qualify as gasohol under this Act is guilty of a business offense and shall be fined not more than \$100 for each day that the sale or representation takes place after notification from the Department of Agriculture that the fuel in question does not qualify as gasohol.

(Source: P.A. 103-9, eff. 6-7-23.)

(35 ILCS 105/3-41)

Sec. 3-41. Biodiesel. "Biodiesel" means a diesel fuel that is not a hydrocarbon fuel and that is derived from biomass that

is intended for use in diesel engines.  
(Source: P.A. 102-700, eff. 4-19-22.)

(35 ILCS 105/3-42)

Sec. 3-42. Biodiesel blend. "Biodiesel blend" means a blend of biodiesel with petroleum-based diesel fuel in which the resultant product contains no less than 1% and no more than 99% biodiesel.  
(Source: P.A. 93-17, eff. 6-11-03.)

(35 ILCS 105/3-42.5)

Sec. 3-42.5. Renewable diesel. "Renewable diesel" means a diesel fuel that is a hydrocarbon fuel derived from biomass meeting the requirements of the latest version of ASTM standards D975 or D396. Fuels that have been co-processed are not considered renewable diesel.  
(Source: P.A. 102-700, eff. 4-19-22.)

(35 ILCS 105/3-43)

Sec. 3-43. Biomass. "Biomass" means non-fossil organic materials that have an intrinsic chemical energy content. "Biomass" includes, but is not limited to, soybean oil, other vegetable oils, and ethanol.  
(Source: P.A. 93-17, eff. 6-11-03.)

(35 ILCS 105/3-44)

Sec. 3-44. Majority blended ethanol fuel. Prior to January 1, 2024, "majority blended ethanol fuel" means motor fuel that contains not less than 70% and no more than 90% denatured ethanol and no less than 10% and no more than 30% gasoline. On and after January 1, 2024, "majority blended ethanol fuel" means motor fuel that is capable of being used in the operation of flexible fuel vehicles and contains at least 51% and not more than 83% ethanol, by volume, as specified in ASTM Standard D5798-11, and no less than 17% and no more than 49% gasoline.  
(Source: P.A. 103-9, eff. 6-7-23.)

(35 ILCS 105/3-44.3)

Sec. 3-44.3. Mid-range ethanol blend. "Mid-range ethanol blend" means a blend of gasoline and denatured ethanol that contains at least 20% but less than 51% denatured ethanol.  
(Source: P.A. 103-9, eff. 6-7-23.)

(35 ILCS 105/3-44.5)

Sec. 3-44.5. Diesel fuel. "Diesel fuel" means any product intended for use or offered for sale as a fuel for engines in which the fuel is injected into the combustion chamber and ignited by pressure without electric spark.  
(Source: P.A. 93-17, eff. 6-11-03.)

(35 ILCS 105/3-45) (from Ch. 120, par. 439.3-45)

Sec. 3-45. Collection. The tax imposed by this Act shall be collected from the purchaser by a retailer maintaining a place of business in this State or a retailer authorized by the Department under Section 6 of this Act, and shall be remitted to the Department as provided in Section 9 of this Act, except as provided in Section 3-10.5 of this Act.

The tax imposed by this Act that is not paid to a retailer under this Section shall be paid to the Department directly by any person using the property within this State as provided in Section 10 of this Act.

Retailers shall collect the tax from users by adding the tax to the selling price of tangible personal property, when sold for use, in the manner prescribed by the Department. The

Department may adopt and promulgate reasonable rules and regulations for the adding of the tax by retailers to selling prices by prescribing bracket systems for the purpose of enabling the retailers to add and collect, as far as practicable, the amount of the tax.

If a seller collects use tax measured by receipts that are not subject to use tax, or if a seller, in collecting use tax measured by receipts that are subject to tax under this Act, collects more from the purchaser than the required amount of the use tax on the transaction, the purchaser shall have a legal right to claim a refund of that amount from the seller. If, however, that amount is not refunded to the purchaser for any reason, the seller is liable to pay that amount to the Department. This paragraph does not apply to an amount collected by the seller as use tax on receipts that are subject to tax under this Act as long as the collection is made in compliance with the tax collection brackets prescribed by the Department in its rules and regulations.

(Source: P.A. 91-51, eff. 6-30-99; 92-484, eff. 8-23-01.)

(35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

Sec. 3-50. Manufacturing and assembly exemption. The manufacturing and assembling machinery and equipment exemption includes machinery and equipment that replaces machinery and equipment in an existing manufacturing facility as well as machinery and equipment that are for use in an expanded or new manufacturing facility. The machinery and equipment exemption also includes machinery and equipment used in the general maintenance or repair of exempt machinery and equipment or for in-house manufacture of exempt machinery and equipment. Beginning on July 1, 2017, the manufacturing and assembling machinery and equipment exemption also includes graphic arts machinery and equipment, as defined in paragraph (6) of Section 3-5. The machinery and equipment exemption does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this exemption. For the purposes of this exemption, terms have the following meanings:

(1) "Manufacturing process" means the production of an article of tangible personal property, whether the article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by a procedure commonly regarded as manufacturing, processing, fabricating, or refining that changes some existing material into a material with a different form, use, or name. In relation to a recognized integrated business composed of a series of operations that collectively constitute manufacturing, or individually constitute manufacturing operations, the manufacturing process commences with the first operation or stage of production in the series and does not end until the completion of the final product in the last operation or stage of production in the series. For purposes of this exemption, photoprocessing is a manufacturing process of tangible personal property for wholesale or retail sale.

(2) "Assembling process" means the production of an article of tangible personal property, whether the article is a finished product or an article for use in the process

of manufacturing or assembling a different article of tangible personal property, by the combination of existing materials in a manner commonly regarded as assembling that results in an article or material of a different form, use, or name.

(3) "Machinery" means major mechanical machines or major components of those machines contributing to a manufacturing or assembling process.

(4) "Equipment" includes an independent device or tool separate from machinery but essential to an integrated manufacturing or assembly process; including computers used primarily in a manufacturer's computer assisted design, computer assisted manufacturing (CAD/CAM) system; any subunit or assembly comprising a component of any machinery or auxiliary, adjunct, or attachment parts of machinery, such as tools, dies, jigs, fixtures, patterns, and molds; and any parts that require periodic replacement in the course of normal operation; but does not include hand tools. 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 product being manufactured or assembled for wholesale or retail sale or lease.

(5) "Production related tangible personal property" means all tangible personal property that is used or consumed by the purchaser in a manufacturing facility in which a manufacturing process takes place and includes, without limitation, tangible personal property that is purchased for incorporation into real estate within a manufacturing facility, supplies and consumables used in a manufacturing facility including fuels, coolants, solvents, oils, lubricants, and adhesives, hand tools, protective apparel, and fire and safety equipment used or consumed within a manufacturing facility, and tangible personal property that is used or consumed in activities such as research and development, preproduction material handling, receiving, quality control, inventory control, storage, staging, and packaging for shipping and transportation purposes. "Production related tangible personal property" does not include (i) tangible personal property that is used, within or without a manufacturing facility, in sales, purchasing, accounting, fiscal management, marketing, personnel recruitment or selection, or landscaping or (ii) tangible personal property that is required to be titled or registered with a department, agency, or unit of federal, State, or local government.

The manufacturing and assembling machinery and equipment exemption includes production related tangible personal property that is purchased on or after July 1, 2007 and on or before June 30, 2008 and on or after July 1, 2019. The exemption for production related tangible personal property purchased on or after July 1, 2007 and on or before June 30, 2008 is subject to both of the following limitations:

(1) The maximum amount of the exemption for any one taxpayer may not exceed 5% of the purchase price of production related tangible personal property that is purchased on or after July 1, 2007 and on or before June 30, 2008. A credit under Section 3-85 of this Act may not be earned by the purchase of production related tangible personal property for which an exemption is received under this Section.

(2) The maximum aggregate amount of the exemptions for production related tangible personal property purchased on or after July 1, 2007 and on or before June 30, 2008 awarded under this Act and the Retailers' Occupation Tax Act



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to all taxpayers may not exceed \$10,000,000. If the claims for the exemption exceed \$10,000,000, then the Department shall reduce the amount of the exemption to each taxpayer on a pro rata basis.

The Department shall adopt rules to implement and administer the exemption for production related tangible personal property.

The manufacturing and assembling machinery and equipment exemption includes the sale of materials to a purchaser who produces exempted types of machinery, equipment, or tools and who rents or leases that machinery, equipment, or tools to a manufacturer of tangible personal property. This exemption also includes the sale of materials to a purchaser who manufactures those materials into an exempted type of machinery, equipment, or tools that the purchaser uses himself or herself in the manufacturing of tangible personal property. This exemption includes the sale of exempted types of machinery or equipment to a purchaser who is not the manufacturer, but who rents or leases the use of the property to a manufacturer. The purchaser of the machinery and equipment who has an active resale registration number shall furnish that number to the seller at the time of purchase. A purchaser of the machinery, equipment, or tools without an active resale registration number shall prepare a certificate of exemption stating facts establishing the exemption, and that certificate shall be available to the Department for inspection or audit. The Department shall prescribe the form of the certificate. Informal rulings, opinions, or letters issued by the Department in response to an inquiry or request for an opinion from any person regarding the coverage and applicability of this exemption to specific devices shall be published, maintained as a public record, and made available for public inspection and copying. If the informal ruling, opinion, or letter contains trade secrets or other confidential information, where possible, the Department shall delete that information before publication. Whenever informal rulings, opinions, or letters contain a policy of general applicability, the Department shall formulate and adopt that policy as a rule in accordance with the Illinois Administrative Procedure Act.

The manufacturing and assembling machinery and equipment exemption is exempt from the provisions of Section 3-90.

(Source: P.A. 100-22, eff. 7-6-17; 101-9, eff. 6-5-19; 101-604, eff. 12-13-19.)

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

Sec. 3-55. Multistate exemption. To prevent actual or likely multistate taxation, the tax imposed by this Act does not apply to the use of tangible personal property in this State under the following circumstances:

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

(b) (Blank).

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

(d) The use, in this State, of tangible personal property

that is acquired outside this State and caused to be brought into this State by a person who has already paid a tax in another State in respect to the sale, purchase, or use of that property, to the extent of the amount of the tax properly due and paid in the other State.

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

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

(g) The use or purchase of tangible personal property by 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.

(h) Except as provided in subsection (h-1), the use, in this State, of a motor vehicle that was 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 shall be prima facie evidence that the motor vehicle will not be titled in this State.

(h-1) The exemption under subsection (h) does not apply if the state in which the motor vehicle will be titled does not allow a reciprocal exemption for the use in that state of 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 subsection 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

subsection (h-1) shall be proportionately distributed as if the tax were collected at the 6.25% general rate imposed under this Act.

(h-2) The following exemptions apply with respect to certain aircraft:

(1) Beginning on July 1, 2007, no tax is imposed under this Act on the purchase of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, if all of the following conditions are met:

(A) the aircraft leaves this State within 15 days after the later of either the issuance of the final billing for the purchase 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;

(B) the aircraft is not based or registered in this State after the purchase of the aircraft; and

(C) the purchaser provides the Department with a signed and dated certification, on a form prescribed by the Department, certifying that the requirements of this item (1) 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.

(2) Beginning on July 1, 2007, no tax is imposed under this Act on the use of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, that is temporarily located in this State for the purpose of a prepurchase evaluation if all of the following conditions are met:

(A) the aircraft is not based or registered in this State after the prepurchase evaluation; and

(B) the purchaser provides the Department with a signed and dated certification, on a form prescribed by the Department, certifying that the requirements of this item (2) 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.

(3) Beginning on July 1, 2007, no tax is imposed under this Act on the use of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, that is temporarily located in this State for the purpose of a post-sale customization if all of the following conditions are met:

(A) the aircraft leaves this State within 15 days after 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;

(B) the aircraft is not based or registered in this State either before or after the post-sale customization; and

(C) the purchaser provides the Department with a signed and dated certification, on a form prescribed by the Department, certifying that the requirements of this item (3) 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.

If tax becomes due under this subsection (h-2) because of the purchaser's use of the aircraft in this State, the purchaser shall file a return with the Department and pay the tax on the fair market value of the aircraft. This return and payment of the tax must be made no later than 30 days after the aircraft is used in a taxable manner in this State. The tax is based on the fair market value of the aircraft on the date that it is first used in a taxable manner in this State.

For purposes of this subsection (h-2):

"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.

"Post-sale customization" means any improvement, maintenance, or repair that is performed on an aircraft following a transfer of ownership of the aircraft.

"Prepurchase evaluation" means an examination of an aircraft to provide a potential purchaser with information relevant to the potential purchase.

"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 subsection (h-2) is exempt from the provisions of Section 3-90.

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

(j) Beginning on January 1, 2002 and through June 30, 2016, the use of 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 subsection (j). The permit issued under this subsection (j) 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.

(Source: P.A. 103-592, eff. 1-1-25.)

(35 ILCS 105/3-60) (from Ch. 120, par. 439.3-60)

Sec. 3-60. Rolling stock exemption. Except as provided in Section 3-61 of this Act, the rolling stock exemption applies to rolling stock used by an interstate carrier for hire, even just between points in Illinois, if the rolling stock transports, for hire, persons whose journeys or property whose shipments

originate or terminate outside Illinois.  
(Source: P.A. 93-23, eff. 6-20-03.)

(35 ILCS 105/3-61)

Sec. 3-61. Motor vehicles; trailers; use as rolling stock definition.

(a) (Blank).

(b) (Blank).

(c) This subsection (c) applies to motor vehicles, other than limousines, purchased through June 30, 2017. For motor vehicles, other than limousines, purchased on or after July 1, 2017, subsection (d-5) applies. This subsection (c) applies to limousines purchased before, on, or after July 1, 2017. "Use as rolling stock moving in interstate commerce" in paragraph (c) of Section 3-55 occurs for motor vehicles, as defined in Section 1-146 of the Illinois Vehicle Code, when during a 12-month period the rolling stock has carried persons or property for hire in interstate commerce for greater than 50% of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption shall make an election at the time of purchase to use either the trips or mileage method. Persons who purchased motor vehicles prior to July 1, 2004 shall make an election to use either the trips or mileage method and document that election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to have chosen the mileage method.

For purposes of determining qualifying trips or miles, motor vehicles that carry persons or property for hire, even just between points in Illinois, will be considered used for hire in interstate commerce if the motor vehicle transports persons whose journeys or property whose shipments originate or terminate outside Illinois. The exemption for motor vehicles used as rolling stock moving in interstate commerce may be claimed only for the following vehicles: (i) motor vehicles whose gross vehicle weight rating exceeds 16,000 pounds; and (ii) limousines, as defined in Section 1-139.1 of the Illinois Vehicle Code. Through June 30, 2017, this definition applies to all property purchased for the purpose of being attached to those motor vehicles as a part thereof. On and after July 1, 2017, this definition applies to property purchased for the purpose of being attached to limousines as a part thereof.

(d) For purchases made through June 30, 2017, "use as rolling stock moving in interstate commerce" in paragraph (c) of Section 3-55 occurs for trailers, as defined in Section 1-209 of the Illinois Vehicle Code, semitrailers as defined in Section 1-187 of the Illinois Vehicle Code, and pole trailers as defined in Section 1-161 of the Illinois Vehicle Code, when during a 12-month period the rolling stock has carried persons or property for hire in interstate commerce for greater than 50% of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption for a trailer or trailers that will not be dedicated to a motor vehicle or group of motor vehicles shall make an election at the time of purchase to use either the trips or mileage method. Persons who purchased trailers prior to July 1, 2004 that are not dedicated to a motor vehicle or group of motor vehicles shall make an election to use either the trips or mileage method and document that election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to have chosen the mileage method.

For purposes of determining qualifying trips or miles, trailers, semitrailers, or pole trailers that carry property for

hire, even just between points in Illinois, will be considered used for hire in interstate commerce if the trailers, semitrailers, or pole trailers transport property whose shipments originate or terminate outside Illinois. This definition applies to all property purchased for the purpose of being attached to those trailers, semitrailers, or pole trailers as a part thereof. In lieu of a person providing documentation regarding the qualifying use of each individual trailer, semitrailer, or pole trailer, that person may document such qualifying use by providing documentation of the following:

(1) If a trailer, semitrailer, or pole trailer is dedicated to a motor vehicle that qualifies as rolling stock moving in interstate commerce under subsection (c) of this Section, then that trailer, semitrailer, or pole trailer qualifies as rolling stock moving in interstate commerce under this subsection.

(2) If a trailer, semitrailer, or pole trailer is dedicated to a group of motor vehicles that all qualify as rolling stock moving in interstate commerce under subsection (c) of this Section, then that trailer, semitrailer, or pole trailer qualifies as rolling stock moving in interstate commerce under this subsection.

(3) If one or more trailers, semitrailers, or pole trailers are dedicated to a group of motor vehicles and not all of those motor vehicles in that group qualify as rolling stock moving in interstate commerce under subsection (c) of this Section, then the percentage of those trailers, semitrailers, or pole trailers that qualifies as rolling stock moving in interstate commerce under this subsection is equal to the percentage of those motor vehicles in that group that qualify as rolling stock moving in interstate commerce under subsection (c) of this Section to which those trailers, semitrailers, or pole trailers are dedicated. However, to determine the qualification for the exemption provided under this item (3), the mathematical application of the qualifying percentage to one or more trailers, semitrailers, or pole trailers under this subpart shall not be allowed as to any fraction of a trailer, semitrailer, or pole trailer.

(d-5) For motor vehicles and trailers purchased on or after July 1, 2017, "use as rolling stock moving in interstate commerce" means that:

(1) the motor vehicle or trailer is used to transport persons or property for hire;

(2) for purposes of the exemption under subsection (c) of Section 3-55, the purchaser who is an owner, lessor, or shipper claiming the exemption certifies that the motor vehicle or trailer will be utilized, from the time of purchase and continuing through the statute of limitations for issuing a notice of tax liability under this Act, by an interstate carrier or carriers for hire who hold, and are required by Federal Motor Carrier Safety Administration regulations to hold, an active USDOT Number with the Carrier Operation listed as "Interstate" and the Operation Classification listed as "authorized for hire", "exempt for hire", or both "authorized for hire" and "exempt for hire"; except that this paragraph (2) does not apply to a motor vehicle or trailer used at an airport to support the operation of an aircraft moving in interstate commerce, as long as (i) in the case of a motor vehicle, the motor vehicle meets paragraphs (1) and (3) of this subsection (d-5) or (ii) in the case of a trailer, the trailer meets paragraph (1) of this subsection (d-5); and

(3) for motor vehicles, the gross vehicle weight

rating exceeds 16,000 pounds.

The definition of "use as rolling stock moving in interstate commerce" in this subsection (d-5) applies to all property purchased on or after July 1, 2017 for the purpose of being attached to a motor vehicle or trailer as a part thereof, regardless of whether the motor vehicle or trailer was purchased before, on, or after July 1, 2017.

If an item ceases to meet requirements (1) through (3) under this subsection (d-5), then the tax is imposed on the selling price, allowing for a reasonable depreciation for the period during which the item qualified for the exemption.

For purposes of this subsection (d-5):

"Motor vehicle" excludes limousines, but otherwise means that term as defined in Section 1-146 of the Illinois Vehicle Code.

"Trailer" means (i) "trailer", as defined in Section 1-209 of the Illinois Vehicle Code, (ii) "semitrailer", as defined in Section 1-187 of the Illinois Vehicle Code, and (iii) "pole trailer", as defined in Section 1-161 of the Illinois Vehicle Code.

(e) For aircraft and watercraft purchased on or after January 1, 2014, "use as rolling stock moving in interstate commerce" in paragraph (c) of Section 3-55 occurs when, during a 12-month period, the rolling stock has carried persons or property for hire in interstate commerce for greater than 50% of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption shall make an election at the time of purchase to use either the trips or mileage method and document that election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to have chosen the mileage method. For aircraft, flight hours may be used in lieu of recording miles in determining whether the aircraft meets the mileage test in this subsection. For watercraft, nautical miles or trip hours may be used in lieu of recording miles in determining whether the watercraft meets the mileage test in this subsection.

Notwithstanding any other provision of law to the contrary, property purchased on or after January 1, 2014 for the purpose of being attached to aircraft or watercraft as a part thereof qualifies as rolling stock moving in interstate commerce only if the aircraft or watercraft to which it will be attached qualifies as rolling stock moving in interstate commerce under the test set forth in this subsection (e), regardless of when the aircraft or watercraft was purchased. Persons who purchased aircraft or watercraft prior to January 1, 2014 shall make an election to use either the trips or mileage method and document that election in their books and records for the purpose of determining whether property purchased on or after January 1, 2014 for the purpose of being attached to aircraft or watercraft as a part thereof qualifies as rolling stock moving in interstate commerce under this subsection (e).

(f) The election to use either the trips or mileage method made under the provisions of subsections (c), (d), or (e) of this Section will remain in effect for the duration of the purchaser's ownership of that item.

(Source: P.A. 100-321, eff. 8-24-17.)

(35 ILCS 105/3-65) (from Ch. 120, par. 439.3-65)

Sec. 3-65. R.O.T. nontaxability. If the seller of tangible personal property for use would not be taxable under the Retailers' Occupation Tax Act despite all elements of the sale occurring in Illinois, then the tax imposed by this Act does not apply to the use of the tangible personal property in this

State.

(Source: P.A. 91-51, eff. 6-30-99.)

(35 ILCS 105/3-70) (from Ch. 120, par. 439.3-70)

Sec. 3-70. Property acquired by nonresident. The tax imposed by this Act does not apply to the use, in this State, of tangible personal property that is acquired outside this State by a nonresident individual who then brings the property to this State for use here and who has used the property outside this State for at least 3 months before bringing the property to this State.

Where a business that is not operated in Illinois, but is operated in another State, is moved to Illinois or opens an office, plant, or other business facility in Illinois, that business shall not be taxed on its use, in Illinois, of used tangible personal property, other than items of tangible personal property that must be titled or registered with the State of Illinois or whose registration with the United States Government must be filed with the State of Illinois, that the business bought outside Illinois and used outside Illinois in the operation of the business for at least 3 months before moving the used property to Illinois for use in this State.

"Acquired outside this State", whenever used in this Act, in addition to its usual and popular meaning, also means the delivery, outside Illinois, of tangible personal property that is purchased in this State and delivered from a point in this State to a point of delivery outside this State.

(Source: P.A. 91-51, eff. 6-30-99.)

(35 ILCS 105/3-75) (from Ch. 120, par. 439.3-75)

Sec. 3-75. Serviceman transfer. Tangible personal property purchased by a serviceman, as defined in Section 2 of the Service Occupation Tax Act, is subject to the tax imposed by this Act when purchased for transfer by the serviceman incidental to completion of a maintenance agreement.

(Source: P.A. 91-51, eff. 6-30-99.)

(35 ILCS 105/3-80) (from Ch. 120, par. 439.3-80)

Sec. 3-80. Liability because of amendatory Act. Revisions in Section 3 (now Sections 3 through 3-80) by Public Act 85-1135 do not affect tax liability that arose before January 1, 1990.

(Source: P.A. 91-51, eff. 6-30-99.)

(35 ILCS 105/3-85)

Sec. 3-85. Manufacturer's Purchase Credit. For purchases of machinery and equipment made on and after January 1, 1995 through June 30, 2003, and on and after September 1, 2004 through August 30, 2014, a purchaser of manufacturing machinery and equipment that qualifies for the exemption provided by paragraph (18) of Section 3-5 of this Act earns a credit in an amount equal to a fixed percentage of the tax which would have been incurred under this Act on those purchases. For purchases of graphic arts machinery and equipment made on or after July 1, 1996 and through June 30, 2003, and on and after September 1, 2004 through August 30, 2014, a purchaser of graphic arts machinery and equipment that qualifies for the exemption provided by paragraph (6) of Section 3-5 of this Act earns a credit in an amount equal to a fixed percentage of the tax that would have been incurred under this Act on those purchases. The credit earned for purchases of manufacturing machinery and equipment or graphic arts machinery and equipment shall be referred to as the Manufacturer's Purchase Credit. A graphic arts producer is a person engaged in graphic arts production as defined in Section 2-30 of the Retailers' Occupation Tax Act.



Beginning July 1, 1996, all references in this section to manufacturers or manufacturing shall also be deemed to refer to graphic arts producers or graphic arts production.

The amount of credit shall be a percentage of the tax that would have been incurred on the purchase of manufacturing machinery and equipment or graphic arts machinery and equipment if the exemptions provided by paragraph (6) or paragraph (18) of Section 3-5 of this Act had not been applicable. The percentage shall be as follows:

- (1) 15% for purchases made on or before June 30, 1995.
- (2) 25% for purchases made after June 30, 1995, and on or before June 30, 1996.
- (3) 40% for purchases made after June 30, 1996, and on or before June 30, 1997.
- (4) 50% for purchases made on or after July 1, 1997.

(a) Manufacturer's Purchase Credit earned prior to July 1, 2003. This subsection (a) applies to Manufacturer's Purchase Credit earned prior to July 1, 2003. A purchaser of production related tangible personal property desiring to use the Manufacturer's Purchase Credit shall certify to the seller prior to October 1, 2003 that the purchaser is satisfying all or part of the liability under the Use Tax Act or the Service Use Tax Act that is due on the purchase of the production related tangible personal property by use of Manufacturer's Purchase Credit. The Manufacturer's Purchase Credit certification must be dated and shall include the name and address of the purchaser, the purchaser's registration number, if registered, the credit being applied, and a statement that the State Use Tax or Service Use Tax liability is being satisfied with the manufacturer's or graphic arts producer's accumulated purchase credit. Certification may be incorporated into the manufacturer's or graphic arts producer's purchase order. Manufacturer's Purchase Credit certification provided by the manufacturer or graphic arts producer prior to October 1, 2003 may be used to satisfy the retailer's or serviceman's liability under the Retailers' Occupation Tax Act or Service Occupation Tax Act for the credit claimed, not to exceed 6.25% of the receipts subject to tax from a qualifying purchase, but only if the retailer or serviceman reports the Manufacturer's Purchase Credit claimed as required by the Department. A Manufacturer's Purchase Credit reported on any original or amended return filed under this Act after October 20, 2003 shall be disallowed. The Manufacturer's Purchase Credit earned by purchase of exempt manufacturing machinery and equipment or graphic arts machinery and equipment is a non-transferable credit. A manufacturer or graphic arts producer that enters into a contract involving the installation of tangible personal property into real estate within a manufacturing or graphic arts production facility may, prior to October 1, 2003, authorize a construction contractor to utilize credit accumulated by the manufacturer or graphic arts producer to purchase the tangible personal property. A manufacturer or graphic arts producer intending to use accumulated credit to purchase such tangible personal property shall execute a written contract authorizing the contractor to utilize a specified dollar amount of credit. The contractor shall furnish, prior to October 1, 2003, the supplier with the manufacturer's or graphic arts producer's name, registration or resale number, and a statement that a specific amount of the Use Tax or Service Use Tax liability, not to exceed 6.25% of the selling price, is being satisfied with the credit. The manufacturer or graphic arts producer shall remain liable to timely report all information required by the annual Report of Manufacturer's Purchase Credit Used for all credit utilized by a construction contractor.

No Manufacturer's Purchase Credit earned prior to July 1, 2003 may be used after October 1, 2003. The Manufacturer's Purchase Credit may be used to satisfy liability under the Use Tax Act or the Service Use Tax Act due on the purchase of production related tangible personal property (including purchases by a manufacturer, by a graphic arts producer, or by a lessor who rents or leases the use of the property to a manufacturer or graphic arts producer) that does not otherwise qualify for the manufacturing machinery and equipment exemption or the graphic arts machinery and equipment exemption. "Production related tangible personal property" means (i) all tangible personal property used or consumed by the purchaser in a manufacturing facility in which a manufacturing process described in Section 2-45 of the Retailers' Occupation Tax Act takes place, including tangible personal property purchased for incorporation into real estate within a manufacturing facility and including, but not limited to, tangible personal property used or consumed in activities such as preproduction material handling, receiving, quality control, inventory control, storage, staging, and packaging for shipping and transportation purposes; (ii) all tangible personal property used or consumed by the purchaser in a graphic arts facility in which graphic arts production as described in Section 2-30 of the Retailers' Occupation Tax Act takes place, including tangible personal property purchased for incorporation into real estate within a graphic arts facility and including, but not limited to, all tangible personal property used or consumed in activities such as graphic arts preliminary or pre-press production, pre-production material handling, receiving, quality control, inventory control, storage, staging, sorting, labeling, mailing, tying, wrapping, and packaging; and (iii) all tangible personal property used or consumed by the purchaser for research and development. "Production related tangible personal property" does not include (i) tangible personal property used, within or without a manufacturing facility, in sales, purchasing, accounting, fiscal management, marketing, personnel recruitment or selection, or landscaping or (ii) tangible personal property required to be titled or registered with a department, agency, or unit of federal, state, or local government. The Manufacturer's Purchase Credit may be used, prior to October 1, 2003, to satisfy the tax arising either from the purchase of machinery and equipment on or after January 1, 1995 for which the exemption provided by paragraph (18) of Section 3-5 of this Act was erroneously claimed, or the purchase of machinery and equipment on or after July 1, 1996 for which the exemption provided by paragraph (6) of Section 3-5 of this Act was erroneously claimed, but not in satisfaction of penalty, if any, and interest for failure to pay the tax when due. A purchaser of production related tangible personal property who is required to pay Illinois Use Tax or Service Use Tax on the purchase directly to the Department may, prior to October 1, 2003, utilize the Manufacturer's Purchase Credit in satisfaction of the tax arising from that purchase, but not in satisfaction of penalty and interest. A purchaser who uses the Manufacturer's Purchase Credit to purchase property which is later determined not to be production related tangible personal property may be liable for tax, penalty, and interest on the purchase of that property as of the date of purchase but shall be entitled to use the disallowed Manufacturer's Purchase Credit, so long as it has not expired and is used prior to October 1, 2003, on qualifying purchases of production related tangible personal property not previously subject to credit usage. The Manufacturer's Purchase Credit earned by a manufacturer or graphic arts producer expires the last day of the second calendar year following the calendar year in which the credit arose. No Manufacturer's Purchase

Credit may be used after September 30, 2003 regardless of when that credit was earned.

A purchaser earning Manufacturer's Purchase Credit shall sign and file an annual Report of Manufacturer's Purchase Credit Earned for each calendar year no later than the last day of the sixth month following the calendar year in which a Manufacturer's Purchase Credit is earned. A Report of Manufacturer's Purchase Credit Earned shall be filed on forms as prescribed or approved by the Department and shall state, for each month of the calendar year: (i) the total purchase price of all purchases of exempt manufacturing or graphic arts machinery on which the credit was earned; (ii) the total State Use Tax or Service Use Tax which would have been due on those items; (iii) the percentage used to calculate the amount of credit earned; (iv) the amount of credit earned; and (v) such other information as the Department may reasonably require. A purchaser earning Manufacturer's Purchase Credit shall maintain records which identify, as to each purchase of manufacturing or graphic arts machinery and equipment on which the purchaser earned Manufacturer's Purchase Credit, the vendor (including, if applicable, either the vendor's registration number or Federal Employer Identification Number), the purchase price, and the amount of Manufacturer's Purchase Credit earned on each purchase.

A purchaser using Manufacturer's Purchase Credit shall sign and file an annual Report of Manufacturer's Purchase Credit Used for each calendar year no later than the last day of the sixth month following the calendar year in which a Manufacturer's Purchase Credit is used. A Report of Manufacturer's Purchase Credit Used shall be filed on forms as prescribed or approved by the Department and shall state, for each month of the calendar year: (i) the total purchase price of production related tangible personal property purchased from Illinois suppliers; (ii) the total purchase price of production related tangible personal property purchased from out-of-state suppliers; (iii) the total amount of credit used during such month; and (iv) such other information as the Department may reasonably require. A purchaser using Manufacturer's Purchase Credit shall maintain records that identify, as to each purchase of production related tangible personal property on which the purchaser used Manufacturer's Purchase Credit, the vendor (including, if applicable, either the vendor's registration number or Federal Employer Identification Number), the purchase price, and the amount of Manufacturer's Purchase Credit used on each purchase.

No annual report shall be filed before May 1, 1996 or after June 30, 2004. A purchaser that fails to file an annual Report of Manufacturer's Purchase Credit Earned or an annual Report of Manufacturer's Purchase Credit Used by the last day of the sixth month following the end of the calendar year shall forfeit all Manufacturer's Purchase Credit for that calendar year unless it establishes that its failure to file was due to reasonable cause. Manufacturer's Purchase Credit reports may be amended to report and claim credit on qualifying purchases not previously reported at any time before the credit would have expired, unless both the Department and the purchaser have agreed to an extension of the statute of limitations for the issuance of a notice of tax liability as provided in Section 4 of the Retailers' Occupation Tax Act. If the time for assessment or refund has been extended, then amended reports for a calendar year may be filed at any time prior to the date to which the statute of limitations for the calendar year or portion thereof has been extended. No Manufacturer's Purchase Credit report filed with the Department for periods prior to January 1, 1995 shall be approved. Manufacturer's Purchase Credit claimed on an amended report may be used, until October 1, 2003, to satisfy

tax liability under the Use Tax Act or the Service Use Tax Act (i) on qualifying purchases of production related tangible personal property made after the date the amended report is filed or (ii) assessed by the Department on qualifying purchases of production related tangible personal property made in the case of manufacturers on or after January 1, 1995, or in the case of graphic arts producers on or after July 1, 1996.

If the purchaser is not the manufacturer or a graphic arts producer, but rents or leases the use of the property to a manufacturer or graphic arts producer, the purchaser may earn, report, and use Manufacturer's Purchase Credit in the same manner as a manufacturer or graphic arts producer.

A purchaser shall not be entitled to any Manufacturer's Purchase Credit for a purchase that is required to be reported and is not timely reported as provided in this Section. A purchaser remains liable for (i) any tax that was satisfied by use of a Manufacturer's Purchase Credit, as of the date of purchase, if that use is not timely reported as required in this Section and (ii) for any applicable penalties and interest for failing to pay the tax when due. No Manufacturer's Purchase Credit may be used after September 30, 2003 to satisfy any tax liability imposed under this Act, including any audit liability.

(b) Manufacturer's Purchase Credit earned on and after September 1, 2004. This subsection (b) applies to Manufacturer's Purchase Credit earned on and after September 1, 2004. Manufacturer's Purchase Credit earned on or after September 1, 2004 may only be used to satisfy the Use Tax or Service Use Tax liability incurred on production related tangible personal property purchased on or after September 1, 2004. A purchaser of production related tangible personal property desiring to use the Manufacturer's Purchase Credit shall certify to the seller that the purchaser is satisfying all or part of the liability under the Use Tax Act or the Service Use Tax Act that is due on the purchase of the production related tangible personal property by use of Manufacturer's Purchase Credit. The Manufacturer's Purchase Credit certification must be dated and shall include the name and address of the purchaser, the purchaser's registration number, if registered, the credit being applied, and a statement that the State Use Tax or Service Use Tax liability is being satisfied with the manufacturer's or graphic arts producer's accumulated purchase credit. Certification may be incorporated into the manufacturer's or graphic arts producer's purchase order. Manufacturer's Purchase Credit certification provided by the manufacturer or graphic arts producer may be used to satisfy the retailer's or serviceman's liability under the Retailers' Occupation Tax Act or Service Occupation Tax Act for the credit claimed, not to exceed 6.25% of the receipts subject to tax from a qualifying purchase, but only if the retailer or serviceman reports the Manufacturer's Purchase Credit claimed as required by the Department. The Manufacturer's Purchase Credit earned by purchase of exempt manufacturing machinery and equipment or graphic arts machinery and equipment is a non-transferable credit. A manufacturer or graphic arts producer that enters into a contract involving the installation of tangible personal property into real estate within a manufacturing or graphic arts production facility may, on or after September 1, 2004, authorize a construction contractor to utilize credit accumulated by the manufacturer or graphic arts producer to purchase the tangible personal property. A manufacturer or graphic arts producer intending to use accumulated credit to purchase such tangible personal property shall execute a written contract authorizing the contractor to utilize a specified dollar amount of credit. The contractor shall furnish the supplier with the manufacturer's or graphic arts producer's

name, registration or resale number, and a statement that a specific amount of the Use Tax or Service Use Tax liability, not to exceed 6.25% of the selling price, is being satisfied with the credit. The manufacturer or graphic arts producer shall remain liable to timely report all information required by the annual Report of Manufacturer's Purchase Credit Used for all credit utilized by a construction contractor.

The Manufacturer's Purchase Credit may be used to satisfy liability under the Use Tax Act or the Service Use Tax Act due on the purchase, made on or after September 1, 2004, of production related tangible personal property (including purchases by a manufacturer, by a graphic arts producer, or by a lessor who rents or leases the use of the property to a manufacturer or graphic arts producer) that does not otherwise qualify for the manufacturing machinery and equipment exemption or the graphic arts machinery and equipment exemption. "Production related tangible personal property" means (i) all tangible personal property used or consumed by the purchaser in a manufacturing facility in which a manufacturing process described in Section 2-45 of the Retailers' Occupation Tax Act takes place, including tangible personal property purchased for incorporation into real estate within a manufacturing facility and including, but not limited to, tangible personal property used or consumed in activities such as preproduction material handling, receiving, quality control, inventory control, storage, staging, and packaging for shipping and transportation purposes; (ii) all tangible personal property used or consumed by the purchaser in a graphic arts facility in which graphic arts production as described in Section 2-30 of the Retailers' Occupation Tax Act takes place, including tangible personal property purchased for incorporation into real estate within a graphic arts facility and including, but not limited to, all tangible personal property used or consumed in activities such as graphic arts preliminary or pre-press production, pre-production material handling, receiving, quality control, inventory control, storage, staging, sorting, labeling, mailing, tying, wrapping, and packaging; and (iii) all tangible personal property used or consumed by the purchaser for research and development. "Production related tangible personal property" does not include (i) tangible personal property used, within or without a manufacturing facility, in sales, purchasing, accounting, fiscal management, marketing, personnel recruitment or selection, or landscaping or (ii) tangible personal property required to be titled or registered with a department, agency, or unit of federal, state, or local government. The Manufacturer's Purchase Credit may be used to satisfy the tax arising either from the purchase of machinery and equipment on or after September 1, 2004 for which the exemption provided by paragraph (18) of Section 3-5 of this Act was erroneously claimed, or the purchase of machinery and equipment on or after September 1, 2004 for which the exemption provided by paragraph (6) of Section 3-5 of this Act was erroneously claimed, but not in satisfaction of penalty, if any, and interest for failure to pay the tax when due. A purchaser of production related tangible personal property that is purchased on or after September 1, 2004 who is required to pay Illinois Use Tax or Service Use Tax on the purchase directly to the Department may utilize the Manufacturer's Purchase Credit in satisfaction of the tax arising from that purchase, but not in satisfaction of penalty and interest. A purchaser who uses the Manufacturer's Purchase Credit to purchase property on and after September 1, 2004 which is later determined not to be production related tangible personal property may be liable for tax, penalty, and interest on the purchase of that property as of the date of purchase but shall be entitled to use the disallowed Manufacturer's Purchase

Credit, so long as it has not expired and is used on qualifying purchases of production related tangible personal property not previously subject to credit usage. The Manufacturer's Purchase Credit earned by a manufacturer or graphic arts producer expires the last day of the second calendar year following the calendar year in which the credit arose. A purchaser earning Manufacturer's Purchase Credit shall sign and file an annual Report of Manufacturer's Purchase Credit Earned for each calendar year no later than the last day of the sixth month following the calendar year in which a Manufacturer's Purchase Credit is earned. A Report of Manufacturer's Purchase Credit Earned shall be filed on forms as prescribed or approved by the Department and shall state, for each month of the calendar year: (i) the total purchase price of all purchases of exempt manufacturing or graphic arts machinery on which the credit was earned; (ii) the total State Use Tax or Service Use Tax which would have been due on those items; (iii) the percentage used to calculate the amount of credit earned; (iv) the amount of credit earned; and (v) such other information as the Department may reasonably require. A purchaser earning Manufacturer's Purchase Credit shall maintain records which identify, as to each purchase of manufacturing or graphic arts machinery and equipment on which the purchaser earned Manufacturer's Purchase Credit, the vendor (including, if applicable, either the vendor's registration number or Federal Employer Identification Number), the purchase price, and the amount of Manufacturer's Purchase Credit earned on each purchase. A purchaser using Manufacturer's Purchase Credit shall sign and file an annual Report of Manufacturer's Purchase Credit Used for each calendar year no later than the last day of the sixth month following the calendar year in which a Manufacturer's Purchase Credit is used. A Report of Manufacturer's Purchase Credit Used shall be filed on forms as prescribed or approved by the Department and shall state, for each month of the calendar year: (i) the total purchase price of production related tangible personal property purchased from Illinois suppliers; (ii) the total purchase price of production related tangible personal property purchased from out-of-state suppliers; (iii) the total amount of credit used during such month; and (iv) such other information as the Department may reasonably require. A purchaser using Manufacturer's Purchase Credit shall maintain records that identify, as to each purchase of production related tangible personal property on which the purchaser used Manufacturer's Purchase Credit, the vendor (including, if applicable, either the vendor's registration number or Federal Employer Identification Number), the purchase price, and the amount of Manufacturer's Purchase Credit used on each purchase.

A purchaser that fails to file an annual Report of Manufacturer's Purchase Credit Earned or an annual Report of Manufacturer's Purchase Credit Used by the last day of the sixth month following the end of the calendar year shall forfeit all Manufacturer's Purchase Credit for that calendar year unless it establishes that its failure to file was due to reasonable cause. Manufacturer's Purchase Credit reports may be amended to report and claim credit on qualifying purchases not previously reported at any time before the credit would have expired, unless both the Department and the purchaser have agreed to an extension of the statute of limitations for the issuance of a notice of tax liability as provided in Section 4 of the Retailers' Occupation Tax Act. If the time for assessment or refund has been extended, then amended reports for a calendar year may be filed at any time prior to the date to which the statute of limitations for the calendar year or portion thereof has been extended. Manufacturer's Purchase Credit claimed on an amended report may be used to satisfy tax liability under the

Use Tax Act or the Service Use Tax Act (i) on qualifying purchases of production related tangible personal property made after the date the amended report is filed or (ii) assessed by the Department on qualifying production related tangible personal property purchased on or after September 1, 2004. If the purchaser is not the manufacturer or a graphic arts producer, but rents or leases the use of the property to a manufacturer or graphic arts producer, the purchaser may earn, report, and use Manufacturer's Purchase Credit in the same manner as a manufacturer or graphic arts producer. A purchaser shall not be entitled to any Manufacturer's Purchase Credit for a purchase that is required to be reported and is not timely reported as provided in this Section. A purchaser remains liable for (i) any tax that was satisfied by use of a Manufacturer's Purchase Credit, as of the date of purchase, if that use is not timely reported as required in this Section and (ii) for any applicable penalties and interest for failing to pay the tax when due.

(Source: P.A. 96-116, eff. 7-31-09.)

(35 ILCS 105/3-87)

Sec. 3-87. Sustainable Aviation Fuel Purchase Credit.

(a) From July 1, 2023 through December 31, 2032, sustainable aviation fuel sold to or used by an air common carrier, certified by the carrier to be used in Illinois, earns a credit in the amount of \$1.50 per gallon of sustainable aviation fuel purchased. The credit earned shall be referred to as the Sustainable Aviation Fuel Purchase Credit.

Only that portion of each gallon of aviation fuel that consists of sustainable aviation fuel, as defined in this Section, is eligible to earn the credit.

The credit is earned at the time sustainable aviation fuel is purchased for use in Illinois. The amount of credit that is earned is based on the number of whole gallons of sustainable aviation fuel purchased for use in Illinois. Partial gallons will not earn a credit. Credits may be used at the same time as they are earned.

For a sale or use of aviation fuel to qualify to earn the Sustainable Aviation Fuel Purchase Credit, taxpayers must retain in their books and records a certification from the producer of the aviation fuel that the aviation fuel sold or used and for which a sustainable aviation fuel purchase credit was earned meets the definition of sustainable aviation fuel under this Section. The documentation must include detail sufficient for the Department to determine the number of gallons of sustainable aviation fuel sold or used.

A Sustainable Aviation Fuel Purchase Credit earned by an air common carrier expires on December 31, 2032. The Sustainable Aviation Fuel Purchase Credit is non-transferable and non-refundable. Taxpayers shall account for the earning and usage of Sustainable Aviation Fuel Purchase Credits on each monthly return filed with the Department, as deemed necessary by the Department.

The purchaser of sustainable aviation fuel shall certify to the seller of the aviation fuel that the purchaser is satisfying all or part of its liability for the 6.25% tax under the Use Tax Act or the Service Use Tax Act that is due on the purchase of aviation fuel by use of the sustainable aviation fuel purchase credit.

The Sustainable Aviation Fuel Purchase Credit certification must be dated and shall include the name and address of the purchaser, the purchaser's registration number, if registered, the credit being applied, and a statement that the State Use Tax or Service Use Tax liability is being satisfied with the air

common carrier's sustainable aviation fuel purchase credit.

An air common carrier-purchaser of aviation fuel may utilize the Sustainable Aviation Fuel Purchase Credit in satisfaction of the 6.25% tax arising from the purchase of aviation fuel, but not in satisfaction of penalty or interest.

Until January 1, 2033, on an annual basis, running from January through December each year, no credit may be earned by an air common carrier for soybean oil-derived sustainable aviation fuel once air common carriers in this State have collectively purchased sustainable aviation fuel containing 10,000,000 gallons of soybean oil feedstock. If, in any year, air common carriers collectively purchase sustainable aviation fuel containing more than 10,000,000 gallons of soybean oil feedstock for use in this State, then, in the month in which taxpayer reporting shows that the credit earned from these purchases exceeds the cap, the Department shall first determine the remaining number of gallons of soybean oil feedstock available to earn the credit for that year by subtracting from 10,000,000 the number of gallons of soybean oil feedstock collectively purchased that year based on the prior month's taxpayer reporting. The Department shall then allocate the credit from these remaining gallons of soybean oil feedstock available to earn the credit for that year by allowing credit to each air common carrier in the same proportion as the number of gallons of soybean oil feedstock reported as having been purchased by each air common carrier during the month in which the cap is exceeded is to all of the gallons of soybean oil feedstock reported as having been purchased during that month. The earning of any credit in excess of this shall be disallowed for the remainder of the year. For any credit that was used, the earning of which was disallowed in the process described in this paragraph, any resulting tax shall be due on or before April 20th of the year following the year in which the 10,000,000 gallon cap on soybean oil feedstock was exceeded and shall be reported and paid on the aviation fuel tax return. Any credit that is earned for the purchase of soybean oil feedstock but not timely reported in a year in which the cap is exceeded is disallowed.

A Sustainable Aviation Fuel Purchase Credit certification provided by the air common carrier may be used to satisfy the retailer's or serviceman's 6.25% tax liability on aviation fuel under the Retailers' Occupation Tax Act or Service Occupation Tax Act for the credit claimed.

(b) As used in this Section, "sustainable aviation fuel" means liquid fuel that meets the criteria set forth in subsections (d) and (e) of Section 40B of the federal Internal Revenue Code of 1986 or:

(1) consists of synthesized hydrocarbons and meets the requirements of:

(A) the American Society for Testing and Materials International Standard D7566; or

(B) the Fischer-Tropsch provisions of American Society for Testing and Materials International Standard D1655, Annex A1;

(2) prior to June 1, 2028, is derived from biomass resources, waste streams, renewable energy sources, or gaseous carbon oxides, and beginning on June 1, 2028 is derived from domestic biomass resources;

(3) is not derived from any palm derivatives; and

(4) the fuel production pathway for the sustainable aviation fuel achieves at least a 50% lifecycle greenhouse gas emissions reduction in comparison with petroleum-based jet fuel, as determined by a test that shows:

(A) that the fuel production pathway achieves at



least a 50% reduction of the aggregate attributional core lifecycle emissions and the positive induced land use change values under the lifecycle methodology for sustainable aviation fuels adopted by the International Civil Aviation Organization with the agreement of the United States; or

(B) that the fuel production pathway achieves at least a 50% reduction of the aggregate attributional core lifecycle greenhouse gas emissions values utilizing the most recent version of Argonne National Laboratory's GREET model, inclusive of agricultural practices and carbon capture and sequestration.

(Source: P.A. 102-1125, eff. 2-3-23; 103-9, eff. 6-7-23.)

(35 ILCS 105/3-90)

Sec. 3-90. Sunset of exemptions, credits, and deductions.

(a) The application of every exemption, credit, and deduction against tax imposed by this Act that becomes law after the effective date of this amendatory Act of 1994 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. Except as provided in subsection (b) of this Section, 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.

(b) Notwithstanding the provisions of subsection (a) of this Section, the sunset date of any exemption, credit, or deduction that is scheduled to expire in 2011, 2012, or 2013 by operation of this Section shall be extended by 5 years.

(Source: P.A. 97-636, eff. 6-1-12.)

(35 ILCS 105/3a) (from Ch. 120, par. 439.3a)

Sec. 3a. The tax imposed by the Act shall when collected be stated as a distinct item separate and apart from the selling price of the tangible personal property. However, where it is not possible to state the sales tax separately in situations such as sales from vending machines or sales of liquor by the drink the Department may by rule exempt such sales from this requirement so long as purchasers are notified by a sign that the tax is included in the selling price.

In addition, retailers who sell items that would have been taxed at the 1% rate but for the 0% rate imposed under this amendatory Act of the 102nd General Assembly shall, to the extent feasible, include the following statement on any cash register tape, receipt, invoice, or sales ticket issued to customers: "From July 1, 2022 through July 1, 2023, the State of Illinois sales tax on groceries is 0%.". If it is not feasible for the retailer to include the statement on any cash register tape, receipt, invoice, or sales ticket issued to customers, then the retailer shall post the statement on a sign that is clearly visible to customers. The sign shall be no smaller than 4 inches by 8 inches.

(Source: P.A. 102-700, eff. 4-19-22.)

(35 ILCS 105/4) (from Ch. 120, par. 439.4)

Sec. 4. Evidence that tangible personal property was sold by any person for delivery to a person residing or engaged in business in this State shall be prima facie evidence that such tangible personal property was sold for use in this State.

(Source: Laws 1955, p. 2027.)

(35 ILCS 105/5) (from Ch. 120, par. 439.5)

Sec. 5. Except as to motor vehicles and other items of tangible personal property that must be titled or registered under an Illinois law, but that cannot be so titled or registered without a use tax receipt or exemption determination from the Department, every retailer maintaining a place of business in this State and making sales of tangible personal property for use in this State (whether those sales are made within or without this State) shall, when collecting the tax as provided in Section 3-45 of this Act from the purchaser, give to the purchaser (if demanded by the purchaser) a receipt for the tax in the manner and form prescribed by the Department. The receipt shall be sufficient to relieve the purchaser from further liability for the tax to which the receipt may refer. Each retailer shall list with the Department the names and addresses of all of his or her agents operating in this State and the location of any and all of his or her distribution or sales houses, offices, or other places of business in this State.

(Source: P.A. 86-1475.)

(35 ILCS 105/6) (from Ch. 120, par. 439.6)

Sec. 6. A retailer maintaining a place of business in this State, if required to register under the Retailers' Occupation Tax Act, need not obtain an additional Certificate of Registration under this Act, but shall be deemed to be sufficiently registered by virtue of his being registered under the Retailers' Occupation Tax Act. Every retailer maintaining a place of business in this State, if not required to register under the Retailers' Occupation Tax Act, shall apply to the Department (upon a form prescribed and furnished by the Department) for a Certificate of Registration under this Act. In completing such application, the applicant shall furnish such information as the Department may reasonably require. Upon approval of an application for Certificate of Registration, the Department shall issue, without charge, a Certificate of Registration to the applicant. Such Certificate of Registration shall be displayed at the address which the applicant states in his application to be the principal place of business or location from which he will act as a retailer in this State. If the applicant will act as a retailer in this State from other places of business or locations, he shall list the addresses of such additional places of business or locations in this application for Certificate of Registration, and the Department shall issue a Sub-Certificate of Registration to the applicant for each such additional place of business or location. Each Sub-Certificate of Registration shall be conspicuously displayed at the place for which it is issued. Such Sub-Certificate of Registration shall bear the same registration number as that appearing upon the Certificate of Registration to which such Sub-Certificates relate. Where a retailer operates more than one place of business which is subject to registration under this Section and such businesses are substantially different in character or are engaged in under different trade names or are engaged in under other substantially dissimilar circumstances (so that it is more practicable, from an accounting, auditing or bookkeeping standpoint, for such businesses to be separately registered), the Department may require or permit such person to apply for and obtain a separate Certificate of Registration for each such business or for any of such businesses instead of registering such person, as to all such businesses, under a single Certificate of Registration supplemented by related Sub-Certificates of Registration. No Certificate of Registration shall be issued to any person who is in default to the State of

Illinois for moneys due hereunder.

The Department may, in its discretion, upon application, authorize the collection of the tax herein imposed by any retailer not maintaining a place of business within this State, who, to the satisfaction of the Department, furnishes adequate security to insure collection and payment of the tax. Such retailer shall be issued, without charge, a permit to collect such tax. When so authorized, it shall be the duty of such retailer to collect the tax upon all tangible personal property sold to his knowledge for use within this State, in the same manner and subject to the same requirements, including the furnishing of a receipt to the purchaser (if demanded by the purchaser), as a retailer maintaining a place of business within this State. The receipt given to the purchaser shall be sufficient to relieve him from further liability for the tax to which such receipt may refer. Such permit may be revoked by the Department as provided herein.

(Source: Laws 1955, p. 2027.)

(35 ILCS 105/7) (from Ch. 120, par. 439.7)

Sec. 7. It is unlawful for any retailer to advertise or hold out or state to the public or to any purchaser, consumer or user, directly or indirectly, that the tax or any part thereof imposed by Section 3 hereof will be assumed or absorbed by the retailer or that it will not be added to the selling price of the property sold, or if added that it or any part thereof will be refunded other than when the retailer refunds the selling price and tax because of the merchandise's being returned to the retailer or other than when the retailer credits or refunds the tax to the purchaser to support a claim filed with the Department under the Retailers' Occupation Tax Act or under this Act. Any person violating any of the provisions of this Section within this State shall be guilty of a Class A misdemeanor.

(Source: P.A. 77-2830.)

(35 ILCS 105/8) (from Ch. 120, par. 439.8)

Sec. 8. Any retailer required to collect the tax imposed by this Act shall be liable to the Department for such tax, whether or not the tax has been collected by the retailer, except when the retailer is relieved of the duty of remitting the tax to the Department by virtue of having paid a tax imposed by the Retailers' Occupation Tax Act upon his or her gross receipts from the same transactions. To the extent that a retailer required to collect the tax imposed by this Act has actually collected that tax, such tax is held in trust for the benefit of the Department.

(Source: P.A. 91-203, eff. 7-20-99.)

(35 ILCS 105/9)

Sec. 9. Except as to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, each retailer required or authorized to collect the tax imposed by this Act shall pay to the Department the amount of such tax (except as otherwise provided) at the time when he is required to file his return for the period during which such tax was collected, less a discount of 2.1% prior to January 1, 1990, and 1.75% on and after January 1, 1990, or \$5 per calendar year, whichever is greater, which is allowed to reimburse the retailer for expenses incurred in collecting the tax, keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request. Beginning with returns due on or after January 1, 2025, the discount allowed in this Section, the Retailers' Occupation Tax Act, the Service Occupation Tax Act, and the Service Use Tax

Act, including any local tax administered by the Department and reported on the same return, shall not exceed \$1,000 per month in the aggregate for returns other than transaction returns filed during the month. When determining the discount allowed under this Section, retailers shall include the amount of tax that would have been due at the 6.25% rate but for the 1.25% rate imposed on sales tax holiday items under Public Act 102-700. The discount under this Section is not allowed for the 1.25% portion of taxes paid on aviation fuel that is subject to the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133. When determining the discount allowed under this Section, retailers shall include the amount of tax that would have been due at the 1% rate but for the 0% rate imposed under Public Act 102-700. In the case of retailers who report and pay the tax on a transaction by transaction basis, as provided in this Section, such discount shall be taken with each such tax remittance instead of when such retailer files his periodic return, but, beginning with returns due on or after January 1, 2025, the discount allowed under this Section and the Retailers' Occupation Tax Act, including any local tax administered by the Department and reported on the same transaction return, shall not exceed \$1,000 per month for all transaction returns filed during the month. The discount allowed under this Section is allowed only for returns that are filed in the manner required by this Act. The Department may disallow the discount for retailers whose certificate of registration is revoked at the time the return is filed, but only if the Department's decision to revoke the certificate of registration has become final. A retailer need not remit that part of any tax collected by him to the extent that he is required to remit and does remit the tax imposed by the Retailers' Occupation Tax Act, with respect to the sale of the same property.

Where such tangible personal property is sold under a conditional sales contract, or under any other form of sale wherein the payment of the principal sum, or a part thereof, is extended beyond the close of the period for which the return is filed, the retailer, in collecting the tax (except as to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State), may collect for each tax return period only the tax applicable to that part of the selling price actually received during such tax return period.

In the case of leases, except as otherwise provided in this Act, the lessor, in collecting the tax, may collect for each tax return period only the tax applicable to that part of the selling price actually received during such tax return period.

Except as provided in this Section, on or before the twentieth day of each calendar month, such retailer shall file a return for the preceding calendar month. Such return shall be filed on forms prescribed by the Department and shall furnish such information as the Department may reasonably require. The return shall include the gross receipts on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) which were received during the preceding calendar month, quarter, or year, as appropriate, and upon which tax would have been due but for the 0% rate imposed under Public Act 102-700. The return shall also include the amount of tax that would have been due on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) but for the 0% rate imposed under Public Act 102-700.

On and after January 1, 2018, except for returns required to be filed prior to January 1, 2023 for motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, with respect to retailers whose annual gross receipts average \$20,000 or more, all returns required to be filed pursuant to this Act shall be filed electronically. On and after January 1, 2023, with respect to retailers whose annual gross receipts average \$20,000 or more, all returns required to be filed pursuant to this Act, including, but not limited to, returns for motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, shall be filed electronically. Retailers who demonstrate that they do not have access to the Internet or demonstrate hardship in filing electronically may petition the Department to waive the electronic filing requirement.

The Department may require returns to be filed on a quarterly basis. If so required, a return for each calendar quarter shall be filed on or before the twentieth day of the calendar month following the end of such calendar quarter. The taxpayer shall also file a return with the Department for each of the first two months of each calendar quarter, on or before the twentieth day of the following calendar month, stating:

1. The name of the seller;
2. The address of the principal place of business from which he engages in the business of selling tangible personal property at retail in this State;
3. The total amount of taxable receipts received by him during the preceding calendar month from sales of tangible personal property by him during such preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;
4. The amount of credit provided in Section 2d of this Act;
5. The amount of tax due;
- 5-5. The signature of the taxpayer; and
6. Such other reasonable information as the Department may require.

Each retailer required or authorized to collect the tax imposed by this Act on aviation fuel sold at retail in this State during the preceding calendar month shall, instead of reporting and paying tax on aviation fuel as otherwise required by this Section, report and pay such tax on a separate aviation fuel tax return. The requirements related to the return shall be as otherwise provided in this Section. Notwithstanding any other provisions of this Act to the contrary, retailers collecting tax on aviation fuel shall file all aviation fuel tax returns and shall make all aviation fuel tax payments by electronic means in the manner and form required by the Department. For purposes of this Section, "aviation fuel" means jet fuel and aviation gasoline.

If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.

Notwithstanding any other provision of this Act to the contrary, retailers subject to tax on cannabis shall file all cannabis tax returns and shall make all cannabis tax payments by electronic means in the manner and form required by the Department.

Beginning October 1, 1993, a taxpayer who has an average monthly tax liability of \$150,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1994, a taxpayer who has an

average monthly tax liability of \$100,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of \$50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of \$200,000 or more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" means the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

Before August 1 of each year beginning in 1993, the Department shall notify all taxpayers required to make payments by electronic funds transfer. All taxpayers required to make payments by electronic funds transfer shall make those payments for a minimum of one year beginning on October 1.

Any taxpayer not required to make payments by electronic funds transfer may make payments by electronic funds transfer with the permission of the Department.

All taxpayers required to make payment by electronic funds transfer and any taxpayers authorized to voluntarily make payments by electronic funds transfer shall make those payments in the manner authorized by the Department.

The Department shall adopt such rules as are necessary to effectuate a program of electronic funds transfer and the requirements of this Section.

Before October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act, the Service Use Tax Act was \$10,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the 20th day of the month next following the month during which such tax liability is incurred and shall make payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. On and after October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act was \$20,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the 20th day of the month next following the month during which such tax liability is incurred and shall make payment to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. If the month during which such tax liability is incurred began prior to January 1, 1985, each payment shall be in an amount equal to 1/4 of the taxpayer's actual liability for the month or an amount set by the Department not to exceed 1/4 of the average monthly liability of the taxpayer to the Department for the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability in such 4 quarter period). If the month during which such tax liability is incurred begins on or after January 1, 1985, and prior to January 1, 1987, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for

the month or 27.5% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1987, and prior to January 1, 1988, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 26.25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1988, and prior to January 1, 1989, or begins on or after January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year or 100% of the taxpayer's actual liability for the quarter monthly reporting period. The amount of such quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month. Before October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than \$9,000, or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than \$10,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the \$10,000 threshold stated above, then such taxpayer may petition the Department for change in such taxpayer's reporting status. On and after October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than \$19,000 or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than \$20,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the \$20,000 threshold stated above, then such taxpayer may petition the Department for a change in such taxpayer's reporting status. The Department shall change such taxpayer's reporting status unless it finds that such change is seasonal in nature and not likely to be long term. Quarter monthly payment status shall be determined under this paragraph as if the rate reduction to 1.25% in Public Act 102-700 on sales tax holiday items had not occurred. For quarter monthly payments due on or after July 1, 2023 and through June 30, 2024, "25% of the taxpayer's liability for the same calendar month of the preceding year" shall be determined as if the rate reduction to 1.25% in Public Act 102-700 on sales tax holiday items had not occurred. Quarter monthly payment status shall be determined under this paragraph as if the rate reduction to 0% in Public Act 102-700 on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use

cannabis, soft drinks, and food that has been prepared for immediate consumption) had not occurred. For quarter monthly payments due under this paragraph on or after July 1, 2023 and through June 30, 2024, "25% of the taxpayer's liability for the same calendar month of the preceding year" shall be determined as if the rate reduction to 0% in Public Act 102-700 had not occurred. If any such quarter monthly payment is not paid at the time or in the amount required by this Section, then the taxpayer shall be liable for penalties and interest on the difference between the minimum amount due and the amount of such quarter monthly payment actually and timely paid, except insofar as the taxpayer has previously made payments for that month to the Department in excess of the minimum payments previously due as provided in this Section. The Department shall make reasonable rules and regulations to govern the quarter monthly payment amount and quarter monthly payment dates for taxpayers who file on other than a calendar monthly basis.

If any such payment provided for in this Section exceeds the taxpayer's liabilities under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act and the Service Use Tax Act, as shown by an original monthly return, the Department shall issue to the taxpayer a credit memorandum no later than 30 days after the date of payment, which memorandum may be submitted by the taxpayer to the Department in payment of tax liability subsequently to be remitted by the taxpayer to the Department or be assigned by the taxpayer to a similar taxpayer under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, in accordance with reasonable rules and regulations to be prescribed by the Department, except that if such excess payment is shown on an original monthly return and is made after December 31, 1986, no credit memorandum shall be issued, unless requested by the taxpayer. If no such request is made, the taxpayer may credit such excess payment against tax liability subsequently to be remitted by the taxpayer to the Department under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, in accordance with reasonable rules and regulations prescribed by the Department. If the Department subsequently determines that all or any part of the credit taken was not actually due to the taxpayer, the taxpayer's vendor's discount shall be reduced, if necessary, to reflect the difference between the credit taken and that actually due, and the taxpayer shall be liable for penalties and interest on such difference.

If the retailer is otherwise required to file a monthly return and if the retailer's average monthly tax liability to the Department does not exceed \$200, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February, and March of a given year being due by April 20 of such year; with the return for April, May and June of a given year being due by July 20 of such year; with the return for July, August and September of a given year being due by October 20 of such year, and with the return for October, November and December of a given year being due by January 20 of the following year.

If the retailer is otherwise required to file a monthly or quarterly return and if the retailer's average monthly tax liability to the Department does not exceed \$50, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 20 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Act concerning



the time within which a retailer may file his return, in the case of any retailer who ceases to engage in a kind of business which makes him responsible for filing returns under this Act, such retailer shall file a final return under this Act with the Department not more than one month after discontinuing such business.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, except as otherwise provided in this Section, every retailer selling this kind of tangible personal property shall file, with the Department, upon a form to be prescribed and supplied by the Department, a separate return for each such item of tangible personal property which the retailer sells, except that if, in the same transaction, (i) a retailer of aircraft, watercraft, motor vehicles or trailers transfers more than one aircraft, watercraft, motor vehicle or trailer to another aircraft, watercraft, motor vehicle or trailer retailer for the purpose of resale or (ii) a retailer of aircraft, watercraft, motor vehicles, or trailers transfers more than one aircraft, watercraft, motor vehicle, or trailer to a purchaser for use as a qualifying rolling stock as provided in Section 3-55 of this Act, then that seller may report the transfer of all the aircraft, watercraft, motor vehicles or trailers involved in that transaction to the Department on the same uniform invoice-transaction reporting return form. For purposes of this Section, "watercraft" means a Class 2, Class 3, or Class 4 watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, every person who is engaged in the business of leasing or renting such items and who, in connection with such business, sells any such item to a retailer for the purpose of resale is, notwithstanding any other provision of this Section to the contrary, authorized to meet the return-filing requirement of this Act by reporting the transfer of all the aircraft, watercraft, motor vehicles, or trailers transferred for resale during a month to the Department on the same uniform invoice-transaction reporting return form on or before the 20th of the month following the month in which the transfer takes place. Notwithstanding any other provision of this Act to the contrary, all returns filed under this paragraph must be filed by electronic means in the manner and form as required by the Department.

The transaction reporting return in the case of motor vehicles or trailers that are required to be registered with an agency of this State, shall be the same document as the Uniform Invoice referred to in Section 5-402 of the Illinois Vehicle Code and must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 2 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale; a sufficient identification of the property sold; such other information as is required in Section 5-402 of the Illinois Vehicle Code, and such other information as the Department may reasonably require.

The transaction reporting return in the case of watercraft and aircraft must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 2 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale, a sufficient identification of the property sold, and such other information as the Department may reasonably require.

Such transaction reporting return shall be filed not later than 20 days after the date of delivery of the item that is being sold, but may be filed by the retailer at any time sooner than that if he chooses to do so. The transaction reporting return and tax remittance or proof of exemption from the tax that is imposed by this Act may be transmitted to the Department by way of the State agency with which, or State officer with whom, the tangible personal property must be titled or registered (if titling or registration is required) if the Department and such agency or State officer determine that this procedure will expedite the processing of applications for title or registration.

With each such transaction reporting return, the retailer shall remit the proper amount of tax due (or shall submit satisfactory evidence that the sale is not taxable if that is the case), to the Department or its agents, whereupon the Department shall issue, in the purchaser's name, a tax receipt (or a certificate of exemption if the Department is satisfied that the particular sale is tax exempt) which such purchaser may submit to the agency with which, or State officer with whom, he must title or register the tangible personal property that is involved (if titling or registration is required) in support of such purchaser's application for an Illinois certificate or other evidence of title or registration to such tangible personal property.

No retailer's failure or refusal to remit tax under this Act precludes a user, who has paid the proper tax to the retailer, from obtaining his certificate of title or other evidence of title or registration (if titling or registration is required) upon satisfying the Department that such user has paid the proper tax (if tax is due) to the retailer. The Department shall adopt appropriate rules to carry out the mandate of this paragraph.

If the user who would otherwise pay tax to the retailer wants the transaction reporting return filed and the payment of tax or proof of exemption made to the Department before the retailer is willing to take these actions and such user has not paid the tax to the retailer, such user may certify to the fact of such delay by the retailer, and may (upon the Department being satisfied of the truth of such certification) transmit the information required by the transaction reporting return and the remittance for tax or proof of exemption directly to the Department and obtain his tax receipt or exemption determination, in which event the transaction reporting return and tax remittance (if a tax payment was required) shall be credited by the Department to the proper retailer's account with the Department, but without the vendor's discount provided for in this Section being allowed. When the user pays the tax directly to the Department, he shall pay the tax in the same

amount and in the same form in which it would be remitted if the tax had been remitted to the Department by the retailer.

On and after January 1, 2025, with respect to the lease of trailers, other than semitrailers as defined in Section 1-187 of the Illinois Vehicle Code, that are required to be registered with an agency of this State and that are subject to the tax on lease receipts under this Act, notwithstanding any other provision of this Act to the contrary, for the purpose of reporting and paying tax under this Act on those lease receipts, lessors shall file returns in addition to and separate from the transaction reporting return. Lessors shall file those lease returns and make payment to the Department by electronic means on or before the 20th day of each month following the month, quarter, or year, as applicable, in which lease receipts were received. All lease receipts received by the lessor from the lease of those trailers during the same reporting period shall be reported and tax shall be paid on a single return form to be prescribed by the Department.

Where a retailer collects the tax with respect to the selling price of tangible personal property which he sells and the purchaser thereafter returns such tangible personal property and the retailer refunds the selling price thereof to the purchaser, such retailer shall also refund, to the purchaser, the tax so collected from the purchaser. When filing his return for the period in which he refunds such tax to the purchaser, the retailer may deduct the amount of the tax so refunded by him to the purchaser from any other use tax which such retailer may be required to pay or remit to the Department, as shown by such return, if the amount of the tax to be deducted was previously remitted to the Department by such retailer. If the retailer has not previously remitted the amount of such tax to the Department, he is entitled to no deduction under this Act upon refunding such tax to the purchaser.

Any retailer filing a return under this Section shall also include (for the purpose of paying tax thereon) the total tax covered by such return upon the selling price of tangible personal property purchased by him at retail from a retailer, but as to which the tax imposed by this Act was not collected from the retailer filing such return, and such retailer shall remit the amount of such tax to the Department when filing such return.

If experience indicates such action to be practicable, the Department may prescribe and furnish a combination or joint return which will enable retailers, who are required to file returns hereunder and also under the Retailers' Occupation Tax Act, to furnish all the return information required by both Acts on the one form.

Where the retailer has more than one business registered with the Department under separate registration under this Act, such retailer may not file each return that is due as a single return covering all such registered businesses, but shall file separate returns for each such registered business.

Beginning January 1, 1990, each month the Department shall pay into the State and Local Sales Tax Reform Fund, a special fund in the State Treasury which is hereby created, the net revenue realized for the preceding month from the 1% tax imposed under this Act.

Beginning January 1, 1990, each month the Department shall pay into the County and Mass Transit District Fund 4% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property which is purchased outside Illinois at retail from a retailer and which is titled or registered by an agency of this State's government.

Beginning January 1, 1990, each month the Department shall

pay into the State and Local Sales Tax Reform Fund, a Special fund in the State Treasury, 20% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property, other than (i) tangible personal property which is purchased outside Illinois at retail from a retailer and which is titled or registered by an agency of this State's government and (ii) aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

For aviation fuel sold on or after December 1, 2019, each month the Department shall pay into the State Aviation Program Fund 20% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of aviation fuel, less an amount estimated by the Department to be required for refunds of the 20% portion of the tax on aviation fuel under this Act, which amount shall be deposited into the Aviation Fuel Sales Tax Refund Fund. The Department shall only pay moneys into the State Aviation Program Fund and the Aviation Fuels Sales Tax Refund Fund under this Act for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the State and Local Sales Tax Reform Fund 100% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol. If, in any month, the tax on sales tax holiday items, as defined in Section 3-6, is imposed at the rate of 1.25%, then the Department shall pay 100% of the net revenue realized for that month from the 1.25% rate on the selling price of sales tax holiday items into the State and Local Sales Tax Reform Fund.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund 16% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property which is purchased outside Illinois at retail from a retailer and which is titled or registered by an agency of this State's government.

Beginning October 1, 2009, each month the Department shall pay into the Capital Projects Fund an amount that is equal to an amount estimated by the Department to represent 80% of the net revenue realized for the preceding month from the sale of candy, grooming and hygiene products, and soft drinks that had been taxed at a rate of 1% prior to September 1, 2009 but that are now taxed at 6.25%.

Beginning July 1, 2011, each month the Department shall pay into the Clean Air Act Permit Fund 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of sorbents used in Illinois in the process of sorbent injection as used to comply with the Environmental Protection Act or the federal Clean Air Act, but the total payment into the Clean Air Act Permit Fund under this Act and the Retailers' Occupation Tax Act shall not exceed \$2,000,000 in any fiscal year.

Beginning July 1, 2013, each month the Department shall pay into the Underground Storage Tank Fund from the proceeds collected under this Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act an amount equal to the average monthly deficit in the Underground Storage Tank Fund during the prior year, as certified annually by the Illinois Environmental Protection Agency, but the total payment into the Underground Storage Tank Fund under this Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act shall not exceed \$18,000,000 in any State fiscal year. As used in this paragraph, the "average monthly deficit" shall be equal to the difference between the

average monthly claims for payment by the fund and the average monthly revenues deposited into the fund, excluding payments made pursuant to this paragraph.

Beginning July 1, 2015, of the remainder of the moneys received by the Department under this Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, each month the Department shall deposit \$500,000 into the State Crime Laboratory Fund.

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%, as the case may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to Section 3 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as defined in Section 3 of the Retailers' Occupation Tax Act), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund during such month and (2) the amount transferred during such month to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year; and, further provided, that the amounts payable into the Build Illinois Fund under this clause (b) shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing Bonds issued and outstanding pursuant to the Build Illinois Bond Act is sufficient, taking into account any future investment income, to fully provide, in accordance with such indenture, for the defeasance of or the payment of the principal of, premium, if any, and interest on the Bonds secured by such indenture and on any Bonds expected to be issued thereafter and all fees and costs payable with respect thereto, all as certified by the Director of the Bureau of the Budget (now Governor's Office of Management and Budget). If on the last business day of any month in which Bonds are outstanding pursuant to the Build Illinois Bond Act, the aggregate of the moneys deposited in the Build Illinois Bond Account in the Build Illinois Fund in such month shall be less than the amount required to be transferred in such month from the Build Illinois Bond Account to the Build Illinois Bond Retirement and Interest Fund pursuant to Section 13 of the Build Illinois Bond Act, an amount equal to such deficiency shall be immediately paid from other moneys received by the Department pursuant to the Tax Acts to the Build Illinois Fund; provided, however, that any amounts paid to the Build Illinois Fund in any fiscal year pursuant to this sentence shall be deemed to

constitute payments pursuant to clause (b) of the preceding sentence and shall reduce the amount otherwise payable for such fiscal year pursuant to clause (b) of the preceding sentence. The moneys received by the Department pursuant to this Act and required to be deposited into the Build Illinois Fund are subject to the pledge, claim and charge set forth in Section 12 of the Build Illinois Bond Act.

Subject to payment of amounts into the Build Illinois Fund as provided in the preceding paragraph or in any amendment thereto hereafter enacted, the following specified monthly installment of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority provided under Section 8.25f of the State Finance Act, but not in excess of the sums designated as "Total Deposit", shall be deposited in the aggregate from collections under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act into the McCormick Place Expansion Project Fund in the specified fiscal years.

| Fiscal Year | Total Deposit |
|-------------|---------------|
| 1993        | \$0           |
| 1994        | 53,000,000    |
| 1995        | 58,000,000    |
| 1996        | 61,000,000    |
| 1997        | 64,000,000    |
| 1998        | 68,000,000    |
| 1999        | 71,000,000    |
| 2000        | 75,000,000    |
| 2001        | 80,000,000    |
| 2002        | 93,000,000    |
| 2003        | 99,000,000    |
| 2004        | 103,000,000   |
| 2005        | 108,000,000   |
| 2006        | 113,000,000   |
| 2007        | 119,000,000   |
| 2008        | 126,000,000   |
| 2009        | 132,000,000   |
| 2010        | 139,000,000   |
| 2011        | 146,000,000   |
| 2012        | 153,000,000   |
| 2013        | 161,000,000   |
| 2014        | 170,000,000   |
| 2015        | 179,000,000   |
| 2016        | 189,000,000   |
| 2017        | 199,000,000   |
| 2018        | 210,000,000   |
| 2019        | 221,000,000   |
| 2020        | 233,000,000   |
| 2021        | 300,000,000   |
| 2022        | 300,000,000   |
| 2023        | 300,000,000   |
| 2024        | 300,000,000   |
| 2025        | 300,000,000   |
| 2026        | 300,000,000   |
| 2027        | 375,000,000   |
| 2028        | 375,000,000   |
| 2029        | 375,000,000   |
| 2030        | 375,000,000   |
| 2031        | 375,000,000   |
| 2032        | 375,000,000   |
| 2033        | 375,000,000   |
| 2034        | 375,000,000   |
| 2035        | 375,000,000   |
| 2036        | 450,000,000   |
| and         |               |

each fiscal year  
thereafter that bonds  
are outstanding under  
Section 13.2 of the  
Metropolitan Pier and  
Exposition Authority Act,  
but not after fiscal year 2060.

Beginning July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority for that fiscal year, less the amount deposited into the McCormick Place Expansion Project Fund by the State Treasurer in the respective month under subsection (g) of Section 13 of the Metropolitan Pier and Exposition Authority Act, plus cumulative deficiencies in the deposits required under this Section for previous months and years, shall be deposited into the McCormick Place Expansion Project Fund, until the full amount requested for the fiscal year, but not in excess of the amount specified above as "Total Deposit", has been deposited.

Subject to payment of amounts into the Capital Projects Fund, the Clean Air Act Permit Fund, the Build Illinois Fund, and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, for aviation fuel sold on or after December 1, 2019, the Department shall each month deposit into the Aviation Fuel Sales Tax Refund Fund an amount estimated by the Department to be required for refunds of the 80% portion of the tax on aviation fuel under this Act. The Department shall only deposit moneys into the Aviation Fuel Sales Tax Refund Fund under this paragraph for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Subject to payment of amounts into the Build Illinois Fund and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, beginning July 1, 1993 and ending on September 30, 2013, the Department shall each month pay into the Illinois Tax Increment Fund 0.27% of 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property.

Subject to payment of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Energy Infrastructure Fund pursuant to the preceding paragraphs or in any amendments to this Section hereafter enacted, beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098), each month, from the collections made under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act, the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue, an amount equal to 1/12 of 5% of 80% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and associated local occupation and use taxes administered by the Department.

Subject to payments of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, beginning on July 1, 2018 the Department shall pay each month into the Downstate Public Transportation Fund the moneys required to be so paid under Section 2-3 of the Downstate Public Transportation Act.

Subject to successful execution and delivery of a public-private agreement between the public agency and private entity and completion of the civic build, beginning on July 1, 2023, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, the Department shall deposit the following specified deposits in the aggregate from collections under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, as required under Section 8.25g of the State Finance Act for distribution consistent with the Public-Private Partnership for Civic and Transit Infrastructure Project Act. The moneys received by the Department pursuant to this Act and required to be deposited into the Civic and Transit Infrastructure Fund are subject to the pledge, claim, and charge set forth in Section 25-55 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act. As used in this paragraph, "civic build", "private entity", "public-private agreement", and "public agency" have the meanings provided in Section 25-10 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act.

| Fiscal Year..... | Total Deposit |
|------------------|---------------|
| 2024.....        | \$200,000,000 |
| 2025.....        | \$206,000,000 |
| 2026.....        | \$212,200,000 |
| 2027.....        | \$218,500,000 |
| 2028.....        | \$225,100,000 |
| 2029.....        | \$288,700,000 |
| 2030.....        | \$298,900,000 |
| 2031.....        | \$309,300,000 |
| 2032.....        | \$320,100,000 |
| 2033.....        | \$331,200,000 |
| 2034.....        | \$341,200,000 |
| 2035.....        | \$351,400,000 |
| 2036.....        | \$361,900,000 |
| 2037.....        | \$372,800,000 |
| 2038.....        | \$384,000,000 |
| 2039.....        | \$395,500,000 |
| 2040.....        | \$407,400,000 |
| 2041.....        | \$419,600,000 |
| 2042.....        | \$432,200,000 |
| 2043.....        | \$445,100,000 |

Beginning July 1, 2021 and until July 1, 2022, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 16% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2022 and until July 1, 2023, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 32% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2023 and until July 1, 2024, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 48% of the



net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2024 and until July 1, 2025, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 64% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning on July 1, 2025, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 80% of the net revenue realized from the taxes imposed on motor fuel and gasohol. As used in this paragraph "motor fuel" has the meaning given to that term in Section 1.1 of the Motor Fuel Tax Law, and "gasohol" has the meaning given to that term in Section 3-40 of this Act.

Of the remainder of the moneys received by the Department pursuant to this Act, 75% thereof shall be paid into the State Treasury and 25% shall be reserved in a special account and used only for the transfer to the Common School Fund as part of the monthly transfer from the General Revenue Fund in accordance with Section 8a of the State Finance Act.

As soon as possible after the first day of each month, upon certification of the Department of Revenue, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the Motor Fuel Tax Fund an amount equal to 1.7% of 80% of the net revenue realized under this Act for the second preceding month. Beginning April 1, 2000, this transfer is no longer required and shall not be made.

Net revenue realized for a month shall be the revenue collected by the State pursuant to this Act, less the amount paid out during that month as refunds to taxpayers for overpayment of liability.

For greater simplicity of administration, manufacturers, importers and wholesalers whose products are sold at retail in Illinois by numerous retailers, and who wish to do so, may assume the responsibility for accounting and paying to the Department all tax accruing under this Act with respect to such sales, if the retailers who are affected do not make written objection to the Department to this arrangement.

(Source: P.A. 102-700, Article 60, Section 60-15, eff. 4-19-22; 102-700, Article 65, Section 65-5, eff. 4-19-22; 102-1019, eff. 1-1-23; 103-154, eff. 6-30-23; 103-363, eff. 7-28-23; 103-592, Article 75, Section 75-5, eff. 1-1-25; 103-592, Article 110, Section 110-5, eff. 6-7-24; 103-1055, eff. 12-20-24.)

(35 ILCS 105/10) (from Ch. 120, par. 439.10)

Sec. 10. Except as to motor vehicles, aircraft, watercraft, and trailers, and except as to cigarettes as defined in the Cigarette Use Tax Act, when tangible personal property is purchased from a retailer for use in this State by a purchaser who did not pay the tax imposed by this Act to the retailer, and a purchaser who does not file returns with the Department as a retailer under Section 9 of this Act, such purchaser (by the last day of the month following the calendar month in which such purchaser makes any payment upon the selling price of such property) shall, except as otherwise provided in this Section, file a return with the Department and pay the tax upon that portion of the selling price so paid by the purchaser during the preceding calendar month. When tangible personal property, other

than motor vehicles and trailers, is purchased by a lessor, under a lease for one year or longer, executed or in effect at the time of purchase to an interstate carrier for hire, who did not pay the tax imposed by this Act to the retailer, such lessor (by the last day of the month following the calendar month in which such property reverts to the use of such lessor) shall file a return with the Department and pay the tax upon the fair market value of such property on the date of such reversion. However, in determining the fair market value at the time of reversion, the fair market value of such property shall not exceed the original purchase price of the property that was paid by the lessor at the time of purchase. Such return shall be filed on a form prescribed by the Department and shall contain such information as the Department may reasonably require. Such return and payment from the purchaser shall be submitted to the Department sooner than the last day of the month after the month in which the purchase is made to the extent that that may be necessary in order to secure the title to a motor vehicle or the certificate of registration for an aircraft. Except as to motor vehicles, aircraft, watercraft, and trailers, and except as to cigarettes as defined in the Cigarette Use Tax Act, when tangible personal property is purchased out-of-state from a retailer by a purchaser who did not pay the tax imposed by this Act to the retailer, and a purchaser who does not file returns with the Department as a retailer under Section 9 of this Act, the liability for the tax imposed by the Act arises on the date such tangible personal property is brought into this State. The purchaser shall, within 30 days after such tangible personal property is brought into this State, file with the Department, upon a form to be prescribed and supplied by the Department, a return for the tangible personal property purchased. However, except as to motor vehicles and aircraft, and except as to cigarettes as defined in the Cigarette Use Tax Act, if the purchaser's annual use tax liability does not exceed \$600, the purchaser may file the return on an annual basis on or before April 15th of the year following the year use tax liability was incurred. Individual purchasers with an annual use tax liability that does not exceed \$600 may, in lieu of the filing and payment requirements in this Section, file and pay in compliance with Section 502.1 of the Illinois Income Tax Act.

If cigarettes, as defined in the Cigarette Use Tax Act, are purchased from a retailer for use in this State by a purchaser who did not pay the tax imposed by this Act to the retailer, and a purchaser who does not file returns with the Department as a retailer under Section 9 of this Act, such purchaser must, within 30 days after acquiring the cigarettes, file a return with the Department and pay the tax upon that portion of the selling price so paid by the purchaser for the cigarettes. When cigarettes, as defined in the Cigarette Use Tax Act, are purchased out-of-state from a retailer for use in this State by a purchaser who did not pay the tax imposed by this Act to the retailer, and a purchaser who does not file returns with the Department as a retailer under Section 9 of this Act, the liability for the tax imposed by the Act arises on the date such cigarettes are brought into this State. The purchaser shall, within 30 days after such cigarettes are brought into this State, file with the Department, upon a form to be prescribed and supplied by the Department, a return for the cigarettes purchased.

In addition with respect to motor vehicles, aircraft, watercraft, and trailers, a purchaser of such tangible personal property for use in this State, who purchases such tangible personal property from an out-of-state retailer, shall file with the Department, upon a form to be prescribed and supplied by the Department, a return for each such item of tangible personal

property purchased, except that if, in the same transaction, (i) a purchaser of motor vehicles, aircraft, watercraft, or trailers who is a retailer of motor vehicles, aircraft, watercraft, or trailers purchases more than one motor vehicle, aircraft, watercraft, or trailer for the purpose of resale or (ii) a purchaser of motor vehicles, aircraft, watercraft, or trailers purchases more than one motor vehicle, aircraft, watercraft, or trailer for use as qualifying rolling stock as provided in Section 3-55 of this Act, then the purchaser may report the purchase of all motor vehicles, aircraft, watercraft, or trailers involved in that transaction to the Department on a single return prescribed by the Department. Such return in the case of motor vehicles and aircraft must show the name and address of the seller, the name, address of purchaser, the amount of the selling price including the amount allowed by the retailer for traded in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 2 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the purchaser with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance if that is claimed to be the fact); the place and date of the sale, a sufficient identification of the property sold, and such other information as the Department may reasonably require.

Such return shall be filed not later than 30 days after such motor vehicle or aircraft is brought into this State for use.

For purposes of this Section, "watercraft" means a Class 2, Class 3, or Class 4 watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

The return and tax remittance or proof of exemption from the tax that is imposed by this Act may be transmitted to the Department by way of the State agency with which, or State officer with whom, the tangible personal property must be titled or registered (if titling or registration is required) if the Department and such agency or State officer determine that this procedure will expedite the processing of applications for title or registration.

With each such return, the purchaser shall remit the proper amount of tax due (or shall submit satisfactory evidence that the sale is not taxable if that is the case), to the Department or its agents, whereupon the Department shall issue, in the purchaser's name, a tax receipt (or a certificate of exemption if the Department is satisfied that the particular sale is tax exempt) which such purchaser may submit to the agency with which, or State officer with whom, he must title or register the tangible personal property that is involved (if titling or registration is required) in support of such purchaser's application for an Illinois certificate or other evidence of title or registration to such tangible personal property.

When a purchaser pays a tax imposed by this Act directly to the Department, the Department (upon request therefor from such purchaser) shall issue an appropriate receipt to such purchaser showing that he has paid such tax to the Department. Such receipt shall be sufficient to relieve the purchaser from further liability for the tax to which such receipt may refer.

A user who is liable to pay use tax directly to the Department only occasionally and not on a frequently recurring basis, and who is not required to file returns with the Department as a retailer under Section 9 of this Act, or under the "Retailers' Occupation Tax Act", or as a registrant with the

Department under the "Service Occupation Tax Act" or the "Service Use Tax Act", need not register with the Department. However, if such a user has a frequently recurring direct use tax liability to pay to the Department, such user shall be required to register with the Department on forms prescribed by the Department and to obtain and display a certificate of registration from the Department. In that event, all of the provisions of Section 9 of this Act concerning the filing of regular monthly, quarterly or annual tax returns and all of the provisions of Section 2a of the "Retailers' Occupation Tax Act" concerning the requirements for registrants to post bond or other security with the Department, as the provisions of such sections now exist or may hereafter be amended, shall apply to such users to the same extent as if such provisions were included herein.

(Source: P.A. 100-321, eff. 8-24-17; 100-1171, eff. 1-4-19.)

(35 ILCS 105/10a) (from Ch. 120, par. 439.10a)

Sec. 10a. Notwithstanding any other provision to the contrary, any person who is required to file a bond pursuant to any provision of this Act and who has continuously complied with all provisions of this Act for 24 or more consecutive months, shall no longer be required to comply with the bonding provisions of this Act so long as such person continues his compliance with the provisions of this Act.

(Source: P.A. 84-1408.)

(35 ILCS 105/10.5)

Sec. 10.5. Individual use tax amnesty. The Department shall establish an amnesty program for all individual taxpayers owing any tax imposed under this Act for their purchases of tangible personal property from a retailer for use in this State (eligible taxes). The amnesty program shall be for a period from January 1, 2011 through October 15, 2011. The amnesty program shall provide that, upon payment by an individual taxpayer of all eligible taxes due from that taxpayer under this Act for any taxable period ending after June 30, 2004 and prior to January 1, 2011, the Department shall abate and not seek to collect any interest or penalties that may be applicable and the Department shall not seek civil or criminal prosecution for any taxpayer for these taxes for the period of time for which amnesty has been granted to the taxpayer. Failure to pay all eligible taxes due to the State for a taxable period shall invalidate any amnesty granted under this Section. Amnesty shall be granted only if all amnesty conditions are satisfied by the taxpayer.

Amnesty shall not be granted to business taxpayers. Amnesty shall not be granted to taxpayers who are a party to any criminal investigation or to any civil or criminal litigation that is pending in any circuit court or appellate court or the Supreme Court of this State for nonpayment, delinquency, or fraud in relation to eligible taxes under this Act. Amnesty shall not be granted to any taxpayer who is under audit for eligible taxes or who is contacted in writing by the Department concerning eligible taxes prior to the taxpayer reporting and paying the eligible taxes.

Voluntary payments made under this Section shall be made by cash, check, guaranteed remittance, or ACH debit.

(Source: P.A. 96-1388, eff. 7-29-10.)

(35 ILCS 105/11) (from Ch. 120, par. 439.11)

Sec. 11. Every retailer required or authorized to collect taxes hereunder and every person using in this State tangible personal property purchased at retail from a retailer on or after the effective date hereof shall keep such records,

receipts, invoices and other pertinent books, documents, memoranda and papers as the Department shall require, in such form as the Department shall require. 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. For the purpose of administering and enforcing the provisions hereof, the Department, or any officer or employee of the Department designated, in writing, by the Director thereof, may hold investigations and hearings concerning any matters covered herein and may examine any books, papers, records, documents or memoranda of any retailer or purchaser bearing upon the sales or purchases of tangible personal property, the privilege of using which is taxed hereunder, and may require the attendance of such person or any officer or employee of such person, or of any person having knowledge of the facts, and may take testimony and require proof for its information.

Any person who fails to keep books and records or fails to produce books and records for examination, as required by this Section and the rules adopted by the Department, is liable to pay to the Department, for deposit into the Tax Compliance and Administration Fund, a penalty of \$1,000 for the first failure to keep books and records or produce books and records for examination and a penalty of \$3,000 for each subsequent failure to keep books and records or produce books and records for examination as required by this Section and the rules adopted by the Department. The penalties imposed under this Section shall not apply if the taxpayer shows that he or she acted with ordinary business care and prudence. The Department may adopt rules to administer the penalties under this Section.

(Source: P.A. 100-940, eff. 8-17-18.)

(35 ILCS 105/12) (from Ch. 120, par. 439.12)

Sec. 12. Applicability of Retailers' Occupation Tax Act and Uniform Penalty and Interest Act. All of the provisions of Sections 1d, 1e, 1f, 1i, 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12, 2-29, 2-54, 2a, 2b, 2c, 3, 4 (except that the time limitation provisions shall run from the date when the tax is due rather than from the date when gross receipts are received), 5 (except that the time limitation provisions on the issuance of notices of tax liability shall run from the date when the tax is due rather than from the date when gross receipts are received and except that in the case of a failure to file a return required by this Act, no notice of tax liability shall be issued on and after each July 1 and January 1 covering tax due with that return during any month or period more than 6 years before that July 1 or January 1, respectively), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5j, 5k, 5l, 5m, 5n, 7, 8, 9, 10, 11 and 12 of the Retailers' Occupation Tax Act and Section 3-7 of the Uniform Penalty and Interest 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.

(Source: P.A. 102-700, eff. 4-19-22; 103-9, eff. 6-7-23; 103-595, eff. 6-26-24.)

(35 ILCS 105/12a) (from Ch. 120, par. 439.12a)

Sec. 12a. Any non-resident of this State who accepts the privilege extended by the laws of this State to non-residents of acting as a retailer maintaining a place of business in this State within the meaning of Section 2 of this Act, and any resident of this State who incurs tax liability under this Act as a seller and who subsequently removes from this State or

conceals his whereabouts, and any person (resident or non-resident) who incurs tax liability under this Act as a user in this State and who removes from this State or conceals his whereabouts, shall be deemed thereby to appoint the Secretary of State of Illinois his agent for the service of process or notice in any judicial or administrative proceeding under this Act. Such process or notice shall be served by the Department on the Secretary of State by leaving, at the office of the Secretary of State at least 15 days before the return day of such process or notice, a true and certified copy thereof, and by sending to the taxpayer by registered or certified mail, postage prepaid, a like and true certified copy, with an endorsement thereon of the service upon said Secretary of State, addressed to such taxpayer at his last known address.

Service of process or notice in the manner provided for in this Section, under the circumstances specified in this Section, shall be of the same force and validity as if served upon the taxpayer personally within this State. Proof of such service upon the taxpayer in this State through the Secretary of State as his agent and by mailing to the last known address of the taxpayer may be made in such judicial or administrative proceeding by the affidavit of the Director of Revenue, or by his duly authorized representative who made such service, with a copy of the process or notice that was so served attached to such affidavit.

(Source: Laws 1961, p. 1945.)

(35 ILCS 105/12b) (from Ch. 120, par. 439.12b)

Sec. 12b. 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)2 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 to the extent Section 10-45 applies to hearings not otherwise delegated to the Illinois Independent Tax Tribunal.

(Source: P.A. 97-1129, eff. 8-28-12.)

(35 ILCS 105/13) (from Ch. 120, par. 439.13)

Sec. 13. Whenever any retailer not maintaining a place of business in this State, to whom a permit to collect the tax hereby imposed has been issued pursuant to Section 6 hereof, fails to comply with any of the provisions hereof or any orders, rules or regulations of the Department prescribed and adopted hereunder, or when the Department considers the security furnished by such retailer to be inadequate or considers that the tax can be collected more effectively from persons using such property in this State, the Department may, upon notice and hearing as herein provided, by order revoke the permit issued to such retailer. No order authorized by this Section shall be made until the retailer is given an opportunity to be heard and to show cause why such order shall not be made, and he shall be given at least 7 days' notice of the time, place and purpose of such hearing. The Department shall have the power in its discretion to issue a new permit pursuant to Section 6 hereof after such revocation.

(Source: Laws 1955, p. 2027.)

(35 ILCS 105/14) (from Ch. 120, par. 439.14)

Sec. 14. When the amount due is under \$300, any person subject to the provisions hereof who fails to file a return, or who violates any other provision of Section 9 or Section 10 hereof, or who fails to keep books and records as required herein, or who files a fraudulent return, or who wilfully violates any rule or regulation of the Department for the administration and enforcement of the provisions hereof, or any officer or agent of a corporation or manager, member, or agent of a limited liability company subject hereto who signs a fraudulent return filed on behalf of such corporation or limited liability company, or any accountant or other agent who knowingly enters false information on the return of any taxpayer under this Act, or any person who violates any of the provisions of Sections 3, 5 or 7 hereof, or any purchaser who obtains a registration number or resale number from the Department through misrepresentation, or who represents to a seller that such purchaser has a registration number or a resale number from the Department when he knows that he does not, or who uses his registration number or resale number to make a seller believe that he is buying tangible personal property for resale when such purchaser in fact knows that this is not the case, is guilty of a Class 4 felony.

Any person who violates any provision of Section 6 hereof, or who engages in the business of selling tangible personal property at retail after his Certificate of Registration under this Act has been revoked in accordance with Section 12 of this Act, is guilty of a Class 4 felony. Each day any such person is engaged in business in violation of Section 6, or after his Certificate of Registration under this Act has been revoked, constitutes a separate offense.

When the amount due is under \$300, any person who accepts money that is due to the Department under this Act from a taxpayer for the purpose of acting as the taxpayer's agent to make the payment to the Department, but who fails to remit such payment to the Department when due is guilty of a Class 4 felony. Any such person who purports to make such payment by issuing or delivering a check or other order upon a real or fictitious depository for the payment of money, knowing that it will not be paid by the depository, shall be guilty of a deceptive practice in violation of Section 17-1 of the Criminal Code of 2012.

When the amount due is \$300 or more any person subject to the provisions hereof who fails to file a return or who violates any other provision of Section 9 or Section 10 hereof or who fails to keep books and records as required herein or who files a fraudulent return, or who wilfully violates any rule or regulation of the Department for the administration and enforcement of the provisions hereof, or any officer or agent of a corporation or manager, member, or agent of a limited liability company subject hereto who signs a fraudulent return filed on behalf of such corporation or limited liability company, or any accountant or other agent who knowingly enters false information on the return of any taxpayer under this Act or any person who violates any of the provisions of Sections 3, 5 or 7 hereof or any purchaser who obtains a registration number or resale number from the Department through misrepresentation, or who represents to a seller that such purchaser has a registration number or a resale number from the Department when he knows that he does not or who uses his registration number or resale number to make a seller believe that he is buying tangible personal property for resale when such purchaser in fact knows that this is not the case, is guilty of a Class 3 felony.

When the amount due is \$300 or more any person who accepts money that is due to the Department under this Act from a taxpayer for the purpose of acting as the taxpayer's agent to make the payment to the Department, but who fails to remit such payment to the Department when due is guilty of a Class 3 felony. Any such person who purports to make such payment by issuing or delivering a check or other order upon a real or fictitious depository for the payment of money, knowing that it will not be paid by the depository shall be guilty of a deceptive practice in violation of Section 17-1 of the Criminal Code of 2012.

Any seller who collects or attempts to collect use tax measured by receipts which such seller knows are not subject to use tax, or any seller who knowingly over-collects or attempts to over-collect use tax in a transaction which is subject to the tax that is imposed by this Act, shall be guilty of a Class 4 felony for each such offense. This paragraph does not apply to an amount collected by the seller as use tax on receipts which are subject to tax under this Act as long as such collection is made in compliance with the tax collection brackets prescribed by the Department in its Rules and Regulations.

Any taxpayer or agent of a taxpayer who with the intent to defraud purports to make a payment due to the Department by issuing or delivering a check or other order upon a real or fictitious depository for the payment of money, knowing that it will not be paid by the depository, shall be guilty of a deceptive practice in violation of Section 17-1 of the Criminal Code of 2012.

Any person who knowingly sells, purchases, installs, transfers, possesses, uses, or accesses any automated sales suppression device, zapper, or phantom-ware in this State is guilty of a Class 3 felony.

For the purposes of this Section:

"Automated sales suppression device" or "zapper" means a software program that falsifies the electronic records of an electronic cash register or other point-of-sale system, including, but not limited to, transaction data and transaction reports. The term includes the software program, any device that carries the software program, or an Internet link to the software program.

"Phantom-ware" means a hidden programming option embedded in the operating system of an electronic cash register or hardwired into an electronic cash register that can be used to create a second set of records or that can eliminate or manipulate transaction records in an electronic cash register.

"Electronic cash register" means a device that keeps a register or supporting documents through the use of an electronic device or computer system designed to record transaction data for the purpose of computing, compiling, or processing retail sales transaction data in any manner.

"Transaction data" includes: items purchased by a customer; the price of each item; a taxability determination for each item; a segregated tax amount for each taxed item; the amount of cash or credit tendered; the net amount returned to the customer in change; the date and time of the purchase; the name, address, and identification number of the vendor; and the receipt or invoice number of the transaction.

"Transaction report" means a report that documents, without limitation, the sales, taxes, or fees collected, media totals, and discount voids at an electronic cash register and that is printed on a cash register tape at the end of a day or shift, or a report that documents every action at an electronic cash register and is stored electronically.

A prosecution for any act in violation of this Section may



be commenced at any time within 3 years of the commission of that Act.

This Section does not apply if the violation in a particular case also constitutes a criminal violation of the Retailers' Occupation Tax Act.

(Source: P.A. 97-1150, eff. 1-25-13; 98-352, eff. 1-1-14.)

(35 ILCS 105/15) (from Ch. 120, par. 439.15)

Sec. 15. 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.

Any taxpayer or agent of a taxpayer who with the intent to defraud purports to make a payment due to the Department by issuing or delivering a check or other order upon a real or fictitious depository for the payment of money, knowing that it will not be paid by the depository, shall be guilty of a deceptive practice in violation of Section 17-1 of the Criminal Code of 2012.

(Source: P.A. 97-1150, eff. 1-25-13.)

(35 ILCS 105/18) (from Ch. 120, par. 439.18)

Sec. 18. If any clause, sentence, Section, provision or part of this Act or the application thereof to any person or circumstance shall be adjudged to be unconstitutional, the remainder of this Act or its application to persons or circumstances other than those to which it is held invalid, shall not be affected thereby. In particular, if any provision which exempts or has the effect of exempting some class of users or some kind of use from the tax imposed by this Act should be held to constitute or to result in an invalid classification or to be unconstitutional for some other reason, such provision shall be deemed to be severable, with the remainder of this Act without said provision being held constitutional.

(Source: Laws 1955, p. 2027.)

(35 ILCS 105/19) (from Ch. 120, par. 439.19)

Sec. 19. If it shall appear that an amount of tax or penalty or interest has been paid in error hereunder to the Department by a purchaser, as distinguished from the retailer, whether such amount be paid through a mistake of fact or an error of law, such purchaser may file a claim for credit or refund with the Department in accordance with Sections 6, 6a, 6b, 6c, and 6d of the Retailers' Occupation Tax Act. If it shall appear that an amount of tax or penalty or interest has been paid in error to the Department hereunder by a retailer who is required or authorized to collect and remit the use tax, whether such amount be paid through a mistake of fact or an error of law, such retailer may file a claim for credit or refund with the Department in accordance with Sections 6, 6a, 6b, 6c, and 6d of the Retailers' Occupation Tax Act, provided that no credit or refund shall be allowed for any amount paid by any such retailer unless it shall appear that he bore the burden of such amount and did not shift the burden thereof to anyone else (as in the case of a duplicated tax payment which the retailer made to the Department and did not collect from anyone else), or unless it shall appear that he or she or his or her legal representative has unconditionally repaid such amount to his vendee (1) who bore the burden thereof and has not shifted such burden directly or indirectly in any manner whatsoever; (2) who, if he has shifted such burden, has repaid unconditionally such amount to his or her own vendee, and (3) who is not entitled to receive any reimbursement therefor from any other source than from his vendor, nor to be relieved of such burden in any other manner

whatsoever. If it shall appear that an amount of tax has been paid in error hereunder by the purchaser to a retailer, who retained such tax as reimbursement for his or her tax liability on the same sale under the Retailers' Occupation Tax Act, and who remitted the amount involved to the Department under the Retailers' Occupation Tax Act, whether such amount be paid through a mistake of fact or an error of law, the procedure for recovering such tax shall be that prescribed in Sections 6, 6a, 6b and 6c of the Retailers' Occupation Tax Act.

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

Any claim filed hereunder shall be filed upon a form prescribed and furnished by the Department. The claim shall be signed by the claimant (or by the claimant's legal representative if the claimant shall have died or become a person under legal disability), or by a duly authorized agent of the claimant or his or her legal representative.

A claim for credit or refund shall be considered to have been filed with the Department on the date upon which it is received by the Department. Upon receipt of any claim for credit or refund filed under this Act, any officer or employee of the Department, authorized in writing by the Director of Revenue to acknowledge receipt of such claims on behalf of the Department, shall execute on behalf of the Department, and shall deliver or mail to the claimant or his duly authorized agent, a written receipt, acknowledging that the claim has been filed with the Department, describing the claim in sufficient detail to identify it and stating the date upon which the claim was received by the Department. Such written receipt shall be prima facie evidence that the Department received the claim described in such receipt and shall be prima facie evidence of the date when such claim was received by the Department. In the absence of such a written receipt, the records of the Department as to when the claim was received by the Department, or as to whether or not the claim was received at all by the Department, shall be deemed to be prima facie correct upon these questions in the event of any dispute between the claimant (or his or her legal representative) and the Department concerning these questions.

In case the Department determines that the claimant is entitled to a refund, such refund shall be made only from the Aviation Fuel Sales Tax Refund Fund or from such appropriation as may be available for that purpose, as appropriate. If it appears unlikely that the amount available would permit everyone having a claim allowed during the period covered by such appropriation or from the Aviation Fuel Sales Tax Refund Fund, as appropriate, 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.

If a retailer who has failed to pay use tax on gross receipts from retail sales is required by the Department to pay such tax, such retailer, without filing any formal claim with the Department, shall be allowed to take credit against such use tax liability to the extent, if any, to which such retailer has paid an amount equivalent to retailers' occupation tax or has paid use tax in error to his or her vendor or vendors of the same tangible personal property which such retailer bought for resale and did not first use before selling it, and no penalty or interest shall be charged to such retailer on the amount of such credit. However, when such credit is allowed to the retailer by the Department, the vendor is precluded from refunding any of that tax to the retailer and filing a claim for credit or refund with respect thereto with the Department. The provisions of this amendatory Act shall be applied

retroactively, regardless of the date of the transaction.  
(Source: P.A. 101-10, eff. 6-5-19.)

**NON-CONFIDENTIAL**

(35 ILCS 105/20) (from Ch. 120, par. 439.20)

Sec. 20. As soon as practicable after a claim for credit or refund is filed, the Department shall examine the same and determine the amount of credit or refund to which the claimant or the claimant's legal representative, in the event that the claimant shall have died or become a person under legal disability, is entitled and shall, by its Notice of Tentative Determination of Claim, notify the claimant or his or her legal representative of such determination, which determination shall be prima facie correct. 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 Department's determination, as shown therein. If such claimant, or the legal representative of a deceased claimant or a claimant who is a person under legal disability shall, within 60 days after the Department's Notice of Tentative Determination of Claim, file a protest thereto and request a hearing thereon, the Department shall give notice to such claimant, or the legal representative of a deceased claimant, or a claimant who is a person under legal disability of the time and place fixed for such hearing, and shall hold a hearing in conformity with the provisions of this Act. On and after July 1, 2013, protests concerning matters that are subject to the jurisdiction of the Illinois Independent Tax Tribunal shall be filed with the Tax Tribunal in accordance with the Illinois Independent Tax Tribunal Act of 2012, and hearings concerning those matters shall be held before the Tribunal in accordance with that Act. With respect to protests filed with the Department prior to July 1, 2013 that would otherwise be subject to the jurisdiction of the Illinois Independent Tax Tribunal, the taxpayer may elect to be subject to the provisions of the Illinois Independent Tax Tribunal Act of 2012 at any time on or after July 1, 2013, but not later than 30 days after the date on which the protest was filed. If made, the election shall be irrevocable. The Department shall issue its Final Determination of the amount, if any, found to be due as a result of a hearing before the Department or the Tribunal, to such claimant, or the legal representative of a deceased claimant or a claimant who is a person under legal disability.

If a protest to the Department's Notice of Tentative Determination of Claim is not filed within 60 days and a request for a hearing thereon is not made as provided herein, the said Notice shall thereupon become and operate as a Final Determination; and, if the Department's Notice of Tentative Determination, upon becoming a Final Determination, indicates no amount due to the claimant, or, upon issuance of a credit or refund for the amount, if any, found by the Department to be due, the claim in all its aspects shall be closed and no longer open to protest, hearing, judicial review, or by any other proceeding or action whatever, either before the Department or in any court of this State. Claims for credit or refund hereunder must be filed with and initially determined by the Department, the remedy herein provided being exclusive; and no court shall have jurisdiction to determine the merits of any claim except upon review as provided in this Act.

(Source: P.A. 97-1129, eff. 8-28-12.)

(35 ILCS 105/21) (from Ch. 120, par. 439.21)

Sec. 21. As to any claim for credit or refund filed with the Department on and after January 1 but on or before June 30 of any given year, no amount of tax or penalty or interest erroneously paid (either in total or partial liquidation of a tax or penalty or interest under this Act) more than 3 years prior to such January 1 shall be credited or refunded, and as to any such claim filed on and after July 1 but on or before December 31 of any given year, no amount of tax or penalty or interest erroneously paid (either in total or partial liquidation of a tax or penalty or interest under this Act) more than 3 years prior to such July 1 shall be credited or refunded. Notwithstanding any other provision of this Act to the contrary, for any period included in a claim for credit or refund for which the statute of limitations for issuing a notice of tax liability under this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is automatically extended for 6 months from the date it would have otherwise expired. No claim shall be allowed for any amount paid to the Department, whether paid voluntarily or involuntarily, if paid in total or partial liquidation of an assessment which had become final before the claim for credit or refund to recover the amount so paid is filed with the Department, or if paid in total or partial liquidation of a judgment or order of court.  
(Source: P.A. 102-40, eff. 6-25-21.)

(35 ILCS 105/22) (from Ch. 120, par. 439.22)

Sec. 22. 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 or interest due hereunder, or under the Retailers' Occupation Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, any local occupation or use tax administered by the Department, Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (e), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act, from the person entitled to such credit or refund. For this purpose, if proceedings are pending to determine whether or not any tax or penalty or interest is due under this Act or under the Retailers' Occupation Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, any local occupation or use tax administered by the Department, Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (e), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act, from such 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 as a result of such proceedings. The balance, if any, of the credit or refund shall be issued to the person entitled thereto.

Any credit memorandum issued hereunder may be used by the authorized holder thereof to pay any tax or penalty or interest due or to become due under this Act or under the Retailers' Occupation Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, any local occupation or use tax administered by the Department, Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (e), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act, from such holder. Subject to reasonable rules of the Department, a credit memorandum issued hereunder may be assigned by the holder

thereof to any other person for use in paying tax or penalty or interest which may be due or become due under this Act or under the Retailers' Occupation Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, from the assignee.

In any case in which there has been an erroneous refund of tax payable under this Act, a notice of tax liability may be issued at any time within 3 years from the making of that refund, or within 5 years from the making of that refund if it appears that any part of the refund was induced by fraud or the misrepresentation of a material fact. The amount of any proposed assessment set forth in the notice shall be limited to the amount of the erroneous refund.

(Source: P.A. 91-901, eff. 1-1-01.)

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