TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE

PART 130
RETAILERS' OCCUPATION TAX

Section 130.340 Rolling Stock

a) *Notwithstanding the fact that the sale is at retail, the Retailers' Occupation Tax does not apply to sales of tangible personal property to interstate carriers for hire for use as rolling stock moving in interstate commerce, or lessors under leases of one year or longer executed or in effect at the time of purchase to interstate carriers for hire for use as rolling stock moving in interstate commerce.* [35 ILCS 120/2-5(12)] *In addition, notwithstanding the fact that the sale is at retail, the Retailers' Occupation Tax does not apply to sales of tangible personal property to owners, lessors, or shippers of tangible personal property that is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce as long as so used by the interstate carriers for hire.* [35 ILCS 120/2-5(13)] For example, the exemption may also apply to lessors under leases of less than one year's duration and manufacturers who provide tangible personal property (such as shipping containers) to interstate carriers for hire when those interstate carriers use that property as rolling stock moving in interstate commerce.

b) The term "Rolling Stock" includes the transportation vehicles of any kind of interstate transportation company for hire (railroad, bus line, air line, trucking company, etc.), but not vehicles that are being used by a person to transport its officers, employees, customers or others not for hire (even if they cross State lines) or to transport property that the person owns or is selling and delivering to customers (even if the transportation crosses State lines). Railroad "rolling stock" includes all railroad cars, passenger and freight, and locomotives (including switching locomotives) or mobile power units of every nature for moving the cars, operating on railroad tracks, and includes all property purchased for the purpose of being attached to the cars or locomotives as a part of the cars or locomotives. The exemption includes some equipment (such as containers called trailers) that are used by interstate carriers for hire, loaded on railroad cars, to transport property, but that do not operate under their own power and are not actually attached to the railroad cars. The exemption does not apply to fuel nor to jacks or flares or other items that are used by interstate carriers for hire in servicing the transportation vehicles, but that do not become a part of the vehicles, and that do not participate directly in some way in the transportation process. The exemption does not include property of an interstate carrier for hire used in the company's office, such as furniture, typewriters, office supplies and the like.

c) The rolling stock exemption cannot be claimed by a purely intrastate carrier for hire as to any tangible personal property that it purchases because it does not meet the statutory tests of being an interstate carrier for hire.

d) Except as provided in subsection (h) of this Section, the exemption applies to vehicles used by an interstate carrier for hire, even just between points in Illinois, in transporting, for hire, persons whose journeys or property whose shipments, originate or terminate outside Illinois on other carriers. The exemption cannot be claimed for an interstate carrier's use of vehicles solely between points in Illinois where the journeys of the passengers or the shipments of property neither originate nor terminate outside Illinois.

e) This subsection applies to motor vehicles and trailers for purposes of subsections (f), (h) and (i) of this Section.

1) The first 12-month qualifying period for the use of a vehicle or trailer begins on the date of registration or titling with an agency of this State, whichever occurs later. If the vehicle or trailer is not required to be titled or registered with an agency of this State and the vehicle or trailer is not titled or registered with an agency of this State, the first 12-month qualifying period for use of that vehicle or trailer begins on the date of purchase of that vehicle or trailer. Motor vehicles and trailers must continue to be used in a qualifying manner for each consecutive 12-month period subject to the limitations period for issuing a Notice of Tax Liability under the Retailers' Occupation Tax Act [35 ILCS 120/4 and 5]; the Use Tax Act [35 ILCS 105/12] (incorporating Sections 4 and 5 of the Retailers' Occupation Tax Act); the Service Occupation Tax Act [35 ILCS 115/12] (incorporating Sections 4 and 5 of the Retailers' Occupation Tax Act); and the Service Use Tax Act [35 ILCS 110/12] (incorporating Sections 4 and 5 of the Retailers' Occupation Tax Act).

2) When motor vehicles and trailers that are purchased by a lessor, for lease to an interstate carrier for hire, by lease executed or in effect at the time of the purchase are no longer used in a qualifying manner*, the lessor will incur Use Tax upon the fair market value of such property on the date that the property reverts to the use of the lessor* (i.e., the property is no longer subject to a qualifying lease). *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. The lessor shall file a return with the Department and pay the tax to the Department by the last day of the month following the calendar month* [35 ILCS 105/10] in which the property is no longer subject to a qualifying lease. The provisions of this subsection (e)(2) apply equally to owners, lessors and shippers who purchase tangible personal property that is utilized by interstate carriers for hire as rolling stock moving in interstate commerce when the property is no longer used in a qualifying manner.

f) From August 14, 1999 through June 30, 2003, pursuant to Public Act 91-0587, *motor vehicles, as defined in Section 1-146 of the Illinois Vehicle Code, trailers, as defined in Section 1-209 of the Illinois Vehicle Code, and all property purchased for the purpose of being attached to those motor vehicles or trailers as a part thereof, will qualify as rolling stock under this Section if they carry persons or property for hire in interstate commerce on 15 or more occasions in a 12-month period.* [35 ILCS 120/2-51] The first 12-month qualifying period for the use of a vehicle or trailer begins on the date of registration or titling with an agency of this State, whichever occurs later. If the vehicle or trailer is not required to be titled or registered with an agency of this State and the vehicle or trailer is not titled or registered with an agency of this State, the first 12-month qualifying period for use of that vehicle or trailer begins on the date of purchase of that vehicle or trailer. The vehicle or trailer must continue to be used in a qualifying manner for each consecutive 12-month period. The Department will apply the provisions of this subsection in determining whether the items qualify for exempt status under this Section for all periods in which liability has not become final or for which the statute of limitations for filing a claim has not expired. A liability does not become final until the liability is no longer open to protest, hearing, judicial review, or any other proceeding or action, either before the Department or in any court of this State.

1) If a vehicle or trailer carries persons or property for hire in interstate commerce on 15 or more occasions in the first 12-month period or in a subsequent 12-month period, but then does not carry persons or property for hire in interstate commerce on 15 or more occasions in a subsequent 12-month period, the vehicle, trailer, or any property attached to that vehicle or trailer upon which the rolling stock exemption was claimed will be subject to tax on its original purchase price. For example, if a vehicle was used in a qualifying manner for the first 12-month period, but was not used in a qualifying manner for the second 12-month period, that vehicle will be subject to tax based upon its original purchase price even if it was then used in a qualifying manner in the third 12-month period.

2) For repair or replacement parts to qualify for the rolling stock exemption, the vehicle or trailer upon which those parts are installed must be used in a qualifying manner for the 12-month period in which the purchase of the repair or replacement parts occurred and each consecutive 12-month period thereafter. For example, if repair parts were attached or incorporated into a vehicle that was titled and registered prior to the audit period (beyond the limitations period for issuing a Notice of Tax Liability), that vehicle must be used in a qualifying manner for the 12-month period in which the purchase of the repair or replacement parts occurred and the 12-month periods thereafter in order for the parts to continue to qualify for the exemption. This applies regardless of whether the vehicle was originally used in a qualifying manner for the 12-month periods preceding the 12-month period in which the purchase of the repair or replacement parts occurred.

3) For vehicles, trailers, and all property purchased for the purpose of being attached to those motor vehicles or trailers as a part of the motor vehicle or trailer that are *purchased by a lessor,* for lease to an interstate carrier for hire, by lease *executed or in effect at the time of the purchase, the lessor will incur Use Tax upon the fair market value of such property on the date that the property reverts to the use of the lessor* (i.e., the property is no longer subject to a qualifying lease). *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. The lessor shall file a return with the Department and pay the tax to the Department by the last day of the month following the calendar month* [35 ILCS 105/10] in which such property is no longer subject to a qualifying lease. The provisions of this subsection (f)(3) apply equally to owners, lessors or shippers who purchase tangible personal property that is utilized by interstate carriers for hire as rolling stock moving in interstate commerce when the property is no longer used in a qualifying manner.

4) The provisions of Public Act 91-0587 did not change the limitations period for issuing a Notice of Tax Liability under the Retailers' Occupation Tax Act [35 ILCS 120/4 and 5] or the Use Tax Act [35 ILCS 105/12] incorporating Sections 4 and 5

of the Retailers' Occupation Tax Act.

A) For example, a vehicle was purchased on January 15, 2000 and titled and registered on that date and was used in a qualifying manner for the first 12-month period ending on January 15, 2001. However, that vehicle was not used in a qualifying manner at anytime thereafter. The period in which the Department would be able to issue a Notice of Tax Liability for tax due regarding that vehicle would expire on June 30, 2003.

B) For example, a vehicle was purchased for lease to an interstate carrier for hire on August 15, 2000 and was titled and registered on that date. The lease to the interstate carrier for hire was executed or in effect at the time of purchase. The qualifying lease ended on November 15, 2001, and the vehicle was no longer used in a qualifying manner. The period in which the Department would be able to issue a Notice of Tax Liability for tax due regarding that vehicle would expire on December 31, 2003.

g) When the rolling stock exemption may properly be claimed, the purchaser should give the seller a certification that the purchaser is an interstate carrier for hire, and that the purchaser is purchasing the property for use as rolling stock moving in interstate commerce. If the purchaser is a carrier, the purchaser must include its Interstate Commerce Commission Certificate of Authority number or must certify that it is a type of interstate carrier for hire (such as an interstate carrier of agricultural commodities for hire) that is not required by law to have an Interstate Commerce Commission Certificate of Authority. In the latter event, the carrier must include its Illinois Commerce Commission Certificate of Registration number indicating that it is recognized by the Illinois Commerce Commission as an interstate carrier for hire. If the carrier is a type that is subject to regulation by some Federal Government regulatory agency other than the Interstate Commerce Commission, the carrier must include its registration number from such other Federal Government regulatory agency in the certification claiming the benefit of the rolling stock exemption. If the purchaser is a long term lessor (under a lease of one year or more in duration), the purchaser must give the seller of the property a certification to that effect, similarly identifying the lessee interstate carrier for hire. The giving of a certification does not preclude the Department from going behind it and disregarding it if, in examining the purchaser's records or activities, the Department finds that the certification was not true as to some fact or facts that show that the purchase was taxable and should not have been certified as being tax exempt. The Department reserves the right to require a copy of the carrier's Interstate Commerce Commission or other Federal Government regulatory agency Certificate of Authority or Illinois Commerce Commission Certificate of Registration (or as much of the certificate as the Department deems adequate to verify the fact that the carrier is an interstate carrier for hire) to be provided whenever the Department deems that to be necessary.

h) Beginning on July 1, 2003 through June 30, 2004, Public Act 93-0023 imposed a new rolling stock exemption test for motor vehicles, trailers, and repair and replacement parts for motor vehicles and trailers.

1) Motor vehicles:

A) For purposes of this Section, the term "motor vehicle" means a motor vehicle as defined in Section 1-146 of the Illinois Vehicle Code. Because of the commercial distribution fee sales tax exemption provided in Section

130.341 of this Part, purchasers 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 [625 ILCS 5/3-815.1] are exempt from tax regardless of whether those vehicles are used in a manner that qualifies for the rolling stock exemption. All other motor vehicles are subject to the provisions of this Section except that such motor vehicles must meet the following test to qualify as rolling stock instead of the previous test set forth in subsection (f). *A motor vehicle must, during a 12 month period, carry persons or property for hire in interstate commerce for 51 percent of its total trips to qualify for the exemption.* [35 ILCS 120/2-51]

B) Trips by motor vehicles that are only between points in Illinois are not counted as interstate trips when calculating whether the motor vehicle qualifies for the exemption, but such trips are included in the total trips taken within the 12-month period. The trips that are only between points in Illinois are not counted as interstate trips even if those motor vehicles are transporting, for hire, persons whose journeys or property whose shipments originate or terminate outside of Illinois on other carriers. For an interstate trip to qualify, it must be for hire. However, the total amount of trips taken by a motor vehicle within the 12-month period includes trips for hire and those not for hire. An example of a not for hire trip is when a business uses its truck to transport its own merchandise.

C) Documentation of all trips taken by the motor vehicle in each 12-month period must be maintained and be made available to the Department upon request. Any use of the motor vehicle in a movement from one location to another, including but not limited to mileage incurred by a motor vehicle returning from a delivery without a load or passengers, shall be counted as a trip. However, the movement of the motor vehicle in relation to the maintenance or repair of that motor vehicle shall not count as a trip. Any mileage shown for a motor vehicle that is undocumented as a trip or trips shall be counted as part of the total trips taken by that motor vehicle. The Department shall use its best judgment and information to determine the number of trips represented by such mileage. A trip whereby a motor vehicle or trailer is returning empty from a trip for hire shall be counted as a trip for hire. A trip whereby a motor vehicle or trailer is moving to a location where property or passengers are being loaded for a trip for hire shall be counted as a trip for hire.

D) Examples of application of the 51% trips test:

EXAMPLE 1: An interstate carrier uses a truck to carry property for hire from Springfield, Illinois to Champaign, Illinois where part of that property is delivered. The carrier continues to Indianapolis, Indiana and delivers part of that property in that city. The truck then continues to Gary, Indiana and delivers the remainder of the property in that city. The truck then returns empty to Springfield, Illinois from the delivery in Gary, Indiana. The truck is considered to have made a total of four trips (one trip to Champaign, Illinois, one trip to Indianapolis, Indiana, one trip to Gary, Indiana, and a return trip back to Springfield, Illinois). If this were all the trips that the truck made within the first 12-month period after it was purchased (or was all the trips that truck made in a subsequent 12-month period), it would qualify for the test set forth in this subsection (h) for that 12-month period because it made 3 qualifying trips for hire that terminated or originated outside of Illinois and only one intrastate trip, thereby resulting in a percentage of 75% of its total trips during that first 12-month period. Any repair and replacement parts purchased for the truck during that first 12-month period would also have qualified for the exemption.

EXAMPLE 2: An interstate carrier uses a truck to carry property for hire from Chicago, Illinois to Joliet, Illinois where that property is delivered. The carrier then continues to Gary, Indiana and picks up property for use by that carrier's business. The carrier then returns to Chicago, Illinois. The truck is considered to have made a total of three trips (one to Joliet, Illinois, one to Gary, Indiana, and a return trip to Chicago, Illinois). If this were all the trips that the truck made within the first 12-month period after it was purchased (or was all the trips that truck made in a subsequent 12-month period), it would not qualify for the test set forth in this subsection (h) for that 12-month period because it made no qualifying trips for hire that terminated or originated outside of Illinois.

E) Motor vehicles must continue to be used in a qualifying manner for each consecutive 12-month period subject to the limitations period for issuing a Notice of Tax Liability under the Retailers' Occupation Tax Act [35 ILCS 120/4 and 5]; the Use Tax Act [35 ILCS 105/12] (incorporating Sections 4 and 5 of the Retailers' Occupation Tax Act); the Service Occupation Tax Act [35 ILCS 115/12] (incorporating Sections 4 and 5 of the Retailers' Occupation Tax Act); and the Service Use Tax Act [35 ILCS 110/12] (incorporating Sections 4 and 5 of the Retailers' Occupation Tax Act).

F) When motor vehicles and trailers that are purchased by a lessor, for lease to an interstate carrier for hire, by lease executed or in effect at the time of the purchase are no longer used in a qualifying manner*, the lessor will incur Use Tax upon the fair market value of such property on the date that the property reverts to the use of the lessor* (i.e., the property is no longer subject to a qualifying lease). *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. The lessor shall file a return with the Department and pay the tax to the Department by the last day of the month following the calendar month* [35 ILCS 105/10] in which such property is no longer subject to a qualifying lease. The provisions of this subsection (h)(1)(F) apply equally to owners, lessors or shippers who purchase tangible personal property that is utilized by interstate carriers for hire as rolling stock moving in interstate commerce when such property is no longer used in a qualifying manner.

2) Trailers – For purposes of this Section, the term "trailer" means a trailer as defined in Section 1-209 of the Illinois Vehicle Code. The test provided in subsection (h)(1) of this Section does not apply to trailers.

3) Repair and replacement parts for motor vehicles and trailers

A) Repair and replacement parts for motor vehicles – repair and replacement parts purchased on and after July 1, 2003 must meet the test regarding motor vehicles described in subsection (h)(1) of this Section to qualify for the rolling stock exemption.

B) Repair and replacement parts for trailers – repair and replacement parts purchased on and after July 1, 2003 are not subject to the test provided in subsection (h)(1).

4) Application of 51% test to motor vehicles and trailers that are currently in a 12-month period under the 15-trip test

A) Motor vehicles that were subject to the 15-trip test described in subsection (f) prior to July 1, 2003 will remain subject to the 15-trip test for the remainder of their current 12-month period only if the last 6 months of their 12-month period began on or after January 1, 2003 and before July 1, 2003. If the first 6 months of that 12-month period began on or after January 1, 2003 and before July 1, 2003, then the new 51% test provided in subsection (h)(1) will apply for such 12-month period. Any 12-month period beginning on or after July 1, 2003 is subject to the 51% test provided in subsection (h)(1).

B) Trailers that were subject to the 15-trip test described in subsection (f) prior to July 1, 2003 will remain subject to the 15-trip test for the remainder of their current 12-month period only if the last 6 months of that 12-month period began on or after January 1, 2003 and before July 1, 2003. If the first 6 months of their 12-month period began on or after January 1, 2003 and before July 1, 2003, then the 15-trip test will no longer apply beginning July 1, 2003.

i) Beginning on July 1, 2004, Public Act 93-1033 imposed a new rolling stock exemption test for motor vehicles and trailers, and repair and replacement parts for motor vehicles and trailers.

1) Motor Vehicles:

A) For purposes of this subsection (i), the term "motor vehicle" means a motor vehicle as defined in Section 1-146 of the Illinois Vehicle Code [625 ILCS 5/1-146].

B) Beginning on July 1, 2004, the exemption for motor vehicles used as rolling stock moving in interstate commerce cannot be claimed for motor vehicles whose gross vehicle weight rating is 16,000 pounds or less. Motor vehicles whose gross vehicle weight rating is 16,000 pounds or less that were purchased prior to July 1, 2004 and had qualified for the rolling stock exemption under subsection (f) or (h) of this Section will continue to qualify for the rolling stock exemption as long as those motor vehicles meet the applicable requirements under those subsections until such time as the Department is no longer able to issue a Notice of Tax Liability for the purchase of those motor vehicles. See subsection (e)(1) of this Section.

C) For purchases of motor vehicles made on and after July 1, 2004, a motor vehicle whose gross vehicle weight rating exceeds 16,000 pounds will qualify for the rolling stock exemption if, during a 12-month period, it carries 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 rolling stock exemption for a motor vehicle must make an election at the time of purchase to use either the trips or mileage method to document that the motor vehicle will be used in a manner that qualifies for the exemption. If the purchase is from an Illinois retailer, the election must be made on certification described in subsection (g) of this Section. If the purchase is from an out-of-State retailer or from a non-retailer, the election must be documented in the purchaser's books and records. If no election is made as required under the provisions of this subsection (i)(1)(C), the owner will be deemed to have chosen the mileage method. Once such an election for a motor vehicle has been made, or is deemed to have been made, the method used to document the qualification of that motor vehicle for the rolling stock exemption shall not be changed. [35 ILCS 120/2-51]

D) Documentation of all trips taken by the motor vehicle in each 12-month period must be maintained and be made available to the Department upon request. Any use of the motor vehicle in a movement from one location to another, including but not limited to mileage incurred by a motor vehicle returning from a delivery without a load or passengers, shall be counted as a trip or mileage. However, the movement of the motor vehicle in relation to the maintenance or repair of that motor vehicle shall not count as a trip or mileage. Any mileage shown for a motor vehicle that is undocumented as a trip or trips shall be counted as part of the total trips or mileage taken by that motor vehicle. If the trips method has been chosen for that motor vehicle, the Department shall use its best judgment and information to determine the number of trips represented by such mileage. A movement whereby a motor vehicle or trailer is returning empty from a trip for hire shall be counted as a trip or mileage for hire. A movement whereby a motor vehicle or trailer is moving to a location where property or passengers are being loaded for a trip for hire shall be counted as a trip or mileage for hire. The provisions of subsection (d) of this Section will apply to any trip or mileage that occurs on or after July 1, 2004.

E) Examples of application of the greater than 50% trips test:

EXAMPLE 1: An interstate carrier uses a truck to carry property for hire from Springfield, Illinois to Champaign, Illinois where part of that property is delivered. That property will be delivered by another carrier to a location outside of Illinois. The truck continues to Indianapolis, Indiana and delivers part of that property in that city. The truck then continues to Gary, Indiana and delivers the remainder of the property in that city. The truck then returns empty to Springfield, Illinois from the delivery in Gary, Indiana. The truck is considered to have made a total of four trips (one trip to Champaign, Illinois, one trip to Indianapolis, Indiana, one trip to Gary, Indiana, and a return trip back to Springfield, Illinois). If this were all the trips that the truck made within the first 12-month period after it was purchased (or was all the trips that truck made in a subsequent 12-month period), it would qualify for the test set forth in this subsection (i) for that 12-month period because it made 4 qualifying interstate trips for hire, thereby resulting in a percentage of 100% of its total trips during that first 12-month period. Any repair and replacement parts purchased for the truck during that first 12-month period would also have qualified for the exemption.

EXAMPLE 2: An interstate carrier uses a truck to carry property for hire from Chicago, Illinois to Joliet, Illinois where that property is delivered for use by the recipient. The truck then continues to Gary, Indiana and picks up property for use by that carrier's business. The truck then returns to Chicago, Illinois. The truck is considered to have made a total of three trips (one to Joliet, Illinois, one to Gary, Indiana, and a return trip to Chicago, Illinois). If this were all the trips that the truck made within the first 12-month period after it was purchased (or was all the trips that truck made in a subsequent 12-month period), it would not qualify for the test set forth in this subsection (i) for that 12-month period because those trips resulted in a 0 percentage of qualifying interstate trips for hire.

F) Example of application of the greater than 50% mileage test:

EXAMPLE 1: An interstate carrier uses a truck to carry property for hire from City A in Illinois to City B in Illinois (88 mile movement) where part of that property is delivered. That property will be delivered by another carrier to a location outside of Illinois. The truck continues to City C in Indiana and delivers part of that property in that city (125 mile movement). The truck then continues to City D in Indiana (151 mile movement) and delivers the remainder of the property in that city. The truck then returns empty to City A in Illinois (204 mile movement) from the delivery in City D in Indiana. The truck is considered to have driven a total of 568 qualifying miles. If this were all the miles that the truck drove within the first 12-month period after it was purchased (or was all the mileage that truck drove in a subsequent 12-month period), it would qualify for the test set forth in this subsection (i) for that 12-month period because 100% of its miles were for qualifying interstate movements for hire. Any repair and replacement parts purchased for the truck would also have qualified for the exemption.

EXAMPLE 2: If the truck described above in Example 1 had traveled instead a total of 1568 miles during that 12-month period with 1000 of those miles not being documented as qualifying miles, the truck would not have qualified for the exemption because it only had 568 qualifying miles out of 1568 miles for a 36.22% qualifying percentage. Any repair and replacement parts purchased for the truck would not have qualified for the exemption.

2) Trailers:

A) For purposes of this Section, the term "trailer" means a trailer as defined in Section 1-209 of the Illinois Vehicle Code; a semitrailer as defined in Section 1-187 of the Illinois Vehicle Code; and a pole trailer as defined in Section 1-209 of the Illinois Vehicle Code. *For purchases of a trailer made* *on or after July 1, 2004, to qualify for the rolling stock exemption the trailer must, during a 12-month period, carry 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.*

B) *Except as provided in subsection (i)(2)(C), purchasers of trailers must make an election at the time of purchase to use either the trips or mileage method to document that those trailers will be used in a manner that qualifies for the exemption.* If the purchase is from an Illinois retailer, the election must be made on certification described in subsection (g) of this Section. If the purchase is from an out-of-State retailer or from a non-retailer, the election must be documented in the purchaser's books and records. *If no election is made as required under the provisions of this subsection (i)(2)(B), the owner will be deemed to have chosen the mileage method.*

C) Beginning on July 1, 2004, the owner of trailers that are dedicated to a motor vehicle, or group of motor vehicles, may elect to alternatively document the qualifying use of those trailers in the following manner:

i) if a trailer is dedicated to a single motor vehicle that qualifies under subsection (i)(1) of this Section, then that trailer will also qualify for the exemption;

ii) if a trailer is dedicated to a group of motor vehicles that all qualify under subsection (i)(1) of this Section, then that trailer will also qualify for the exemption; or

iii) if a group of trailers is dedicated to a group of motor vehicles and not all of those motor vehicles in that group qualify under subsection (i)(1) of this Section, then the percentage of those trailers that qualify for the exemption is equal to the percentage of the motor vehicles in the group that qualify for the exemption. However, the mathematical application of the qualifying percentage to the group of trailers will not be applied to any fraction of a trailer. If the owner of the trailers chooses to use the method provided under this subsection (i)(2)(C)(iii), any trailer or group of trailers that is not considered to qualify for the exemption under the mathematical application of the qualifying percentage will not qualify for the exemption even if documentation for a specific trailer or trailers in that group is provided to show that such a trailer or trailers would have met the test in subsection (i)(2) of this Section.

D) For purposes of this subsection (i), the phrase "dedicated" means that the trailer or trailers are used exclusively by a specific motor vehicle or specific group or fleet of motor vehicles.

EXAMPLE 1: A trucking company owns 2 trailers that are dedicated to (used exclusively by) the company's 2 trucks. Both these trucks meet either the greater than 50% trips or greater than 50% mileage test for the appropriate 12-month periods. Both the trailers will be considered to have met the requirements for the exemption during those periods.

EXAMPLE 2: A trucking company owns 30 trailers. All of those trailers are dedicated to (used exclusively by) a subsidiary company's 20 truck fleet. Only 19 of those 20 trucks meet either the greater than 50% trips or greater than 50% mileage test for the appropriate 12-month periods. The qualifying percentage for the group of trucks for which all of the trailers are dedicated is 95%. The application of the 95% qualifying percentage to the 30 trailer group would represent 28.5 trailers. Because no fraction of a trailer may qualify under the mathematical application of the qualifying percentage, only 28 of the 30 trailers will be considered to have met the requirements for the exemption during those periods.

3) Repair and Replacement Parts:
The rolling stock exemption may be claimed for purchases of repair and replacement parts that are incorporated into motor vehicles and trailers that meet the rolling stock test that is applicable for the 12-month qualifying period in which the purchase of the repair or replacement parts occurred and each consecutive 12-month qualifying period thereafter.

j) Application of Rolling Stock Test

1) Motor Vehicles and Trailers
The test applicable to the purchase of a motor vehicle or trailer will depend upon the test in effect for the first 12-month qualifying period for that motor vehicle or trailer. For motor vehicles and trailers, the test in effect for the first 12-month qualifying period for that motor vehicle or trailer will remain the test for the remaining 12-month qualifying periods for any time for which a Notice of Tax Liability may be issued in regards to the purchase of that motor vehicle or trailer. See subsection (e) of this Section in regards to when Notices of Tax Liability may be issued. A change in the rolling stock test in a subsequent 12-month qualifying period will not change the test for the exemption from tax for the purchase of that motor vehicle or trailer. However, a change in the rolling stock test in a subsequent 12-month qualifying period will impact the test used in regards to purchases of repair and replacement parts for that motor vehicle or trailer. See subsection (i)(4)(B).

EXAMPLE: A motor vehicle is purchased on October 1, 2003 and is licensed and titled on that date. The motor vehicle's first 12-month qualifying period begins on October 1, 2003 and runs through September 30, 2004. The rolling stock test applicable to that motor vehicle for its first 12-month qualifying period is the test set out in subsection (h) of this Section. That test will remain in effect for all subsequent 12-month qualifying periods until such time as the Department is no longer able to issue a Notice of Tax Liability in regards to the purchase of that motor vehicle. The change in the rolling stock test set out in subsection (i) of this Section has no impact on the tests applied to the motor vehicle's subsequent 12-month qualifying periods for purposes of claiming the exemption on the purchase of that motor vehicle.

2) Repair and Replacement Parts
The test applicable to the purchase of repair and replacement parts for a motor vehicle or trailer that is used as rolling stock will depend upon the test in effect during the motor vehicle's or trailer's 12-month qualifying period in which the

purchase of the parts was made. If the rolling stock test is changed during a 12-month qualifying period, the test for parts purchased in that 12-month qualifying period will be the test in effect during the majority of that 12-month qualifying period as described in the following chart. See subsections (j)(2)(A)-(C). Repair and replacement parts purchased during a specific 12-month qualifying period will remain subject to the test for that period and subsequent 12-month qualifying periods for any time for which a Notice of Tax Liability may be issued in regards to the purchase of that motor vehicle or trailer. See subsection (e) of this Section in regards to when Notices of Tax Liability may be issued. For ease of referencing the changes in the rolling stock tests, the following rolling stock tests described in the specified subsections will be referred to as:

subsection (f)	15 trips test
subsection (h)	51% trips test
subsection (i)	greater than 50% trips or miles test

A) Prior to January 1, 2003:
If a motor vehicle's or trailer's 12-month qualifying period starts prior to January 1, 2003, the test that is applicable for purchases of all parts made during that 12-month qualifying period is the 15 trips test set out in subsection (f) of this Section.

B) On or after January 1, 2003 but before January 1, 2004:
If a motor vehicle's or trailer's 12-month qualifying period starts on or after January 1, 2003, but before January 1, 2004, the test that is applicable for purchases of all parts made during that 12-month qualifying period is the 51% trips test set out in subsection (h) of this Section.

C) On or after January 1, 2004:
If a motor vehicle's or trailer's 12-month qualifying period starts on or after January 1, 2004, the test that is applicable for purchases of all parts made during that 12-month qualifying period is the greater than 50% trips or miles test set out in subsection (i) of this Section.

k) Public Act 95-0528 provides that limousines, purchased on or after August 28, 2007, that would not otherwise qualify for the rolling stock exemption because of the 16,000 pound gross vehicle weight rating limitation described in subsection (i)(1)(B) of this Section, may qualify for the rolling stock exemption if the use of the vehicle otherwise meets the requirements set out in subsection (i) of this Section. This subsection (k) applies only to limousines, as defined in Section 1-139.1 of the Illinois Vehicle Code.

(Source: Amended at 32 Ill. Reg. 17519, effective October 24, 2008)