

**Illinois Department of Revenue  
Regulations**

**Title 86 Part 460 Section 460.105 Illustrations of Taxable and Nontaxable Coin-Operated  
Amusement Devices and Redemption Machines**

**TITLE 86: REVENUE  
CHAPTER I: DEPARTMENT OF REVENUE**

**PART 460  
COIN-OPERATED AMUSEMENT DEVICE AND REDEMPTION MACHINE TAX**

**Section 460.105 Illustrations of Taxable and Nontaxable Coin-Operated Amusement Devices  
and Redemption Machines**

a) Coin-operated Amusement Devices – Taxable Devices

- 1) To be taxable, the device must be coin-operated, and it must be an amusement device. However, if an otherwise taxable amusement device is equipped to be operated by means of the insertion of coins, it is the Department's position that such device does not cease to be a taxable device because of the fact that the operator thereof has his customers pay for the use of such device at the bar or in some other way which avoids the use of the coin receptacle.
- 2) The device cannot return money or property or the right to receive money or property to the player. For example, a crane game that offers players the right to receive merchandise contained in the machine is not subject to the tax.
- 3) An amusement device is a device which is played primarily for amusement or entertainment rather than for the purchase of some specific commodity or service. Every kind of coin-operated amusement device, which does not return money or property or the right to receive money or property to the player, is subject to the tax. Therefore, the tax applies not only to coin-operated pinball machines, gun-ray devices and shuffleboards (as it did prior to August 1, 1963), but also (commencing August 1, 1963) to coin-operated hockey games, baseball games, horse racing games, gun games of all kinds, pool games, mechanical pony rides and other similar devices, juke boxes, fortune-telling machines and anything else which comes within the foregoing definition of a coin-operated amusement device.

b) Redemption Machines

- 1) Tax shall be imposed as required in Section 460.101 of this Part on the privilege of operating a redemption machine. For purposes of this Part, *a redemption machine is a single-player or multi-player amusement device involving a game, the object of which is throwing, rolling, bowling, shooting, placing, or propelling a ball or other*

*object into, upon, or against a hole or other target, provided that all the following conditions are met:*

- A) *The outcome of the game is predominantly determined by the skill of the player;*
- B) *The award of the prize is based solely upon the player's achieving the object of the game or otherwise upon the player's score;*
- C) *Only merchandise prizes are awarded;*
- D) *The average wholesale value of prizes awarded in lieu of tickets or tokens for single play of the device does not exceed the lesser of \$5 or 7 times the cost charged for a single play of the device; and*
- E) *The redemption value of tickets, tokens, and other representations of value, which may be accumulated by players to redeem prizes of greater value, does not exceed the amount charged for a single play of the device [720 ILCS 5/28-2(a)(4)].*

c) Nontaxable Devices and Redemption Machines

- 1) The tax does not apply to a coin-operated device maintained by a public utility for furnishing public utility service (such as telephone service). The tax does not apply to any coin-operated device which is designed and used strictly as a means of vending merchandise or service. For example, this tax does not apply (among other things) to cigarette, soft drink and other merchandise vending machines, nor to coin-operated scales which merely provide information concerning a person's weight, nor to coin-operated machines which merely provide the customer with a photographing service, nor to coin-operated machines which merely provide a laundry or dry cleaning service.
- 2) The tax does not apply to gambling devices, as defined in Section 28-2 of the Criminal Code [720 ILCS 5/28-2].
- 3) The tax does not apply to a coin-operated amusement device or redemption machine that would otherwise be taxable where the person operating such device or machine is a private club or organization, and where such club or organization restricts the displaying of the amusement device or machine to its membership and such device or machine is not displayed in such a manner as to be accessible to the public. The exemption described in the preceding sentence arises from the fact that the Act is worded so that it applies only to the displaying of coin-operated amusement devices or redemption machines where such devices or machines are "to be played or operated by the public". However, a private club or organization cannot be established for the purpose of displaying such amusement devices or redemption machines and thus evade the privilege tax decal requirements of the Act.

(Source: Amended at 28 Ill. Reg. 2284, effective January 22, 2004)

