

ILLINOIS REGISTER
DEPARTMENT OF REVENUE
NOTICE OF PROPOSED AMENDMENT

- 1) Heading of the Part: Service Occupation Tax
- 2) Code Citation: 86 Ill. Adm. Code 140
- 3)

<u>Section Numbers:</u>	<u>Proposed Actions:</u>
140.124	Repealed
140.125	Amendment
- 4) Statutory Authority: Implementing the Service Occupation Tax Act [35 ILCS 115] and authorized by Section 2505-100 of the Civil Administrative Code of Illinois [20 ILCS 2505/] Civil Administrative Code of Illinois. (Department of Revenue Law)
- 5) A Complete Description of the Subjects and Issues Involved: This rulemaking amends 86 Ill. Adm. Code 140.125 to update the added exemptions to the SOT by Public Acts 103-0384 and 103-0643 for active-duty military and home-delivered meals. This rulemaking repeals 86 Ill. Adm. Code 140.124 as those exemptions ended in 2005. This rulemaking also contains technical corrections to statutory text and citations.
- 6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: None
- 7) Will this proposed rulemaking replace an emergency rule currently in effect? No
- 8) Does this rulemaking contain an automatic repeal date? No
- 9) Does this proposed rulemaking contain incorporations by reference? No
- 10) Are there any other proposed rulemakings pending on this Part? Yes

<u>Section Numbers</u>	<u>Proposed Action</u>	<u>Illinois Register Citation</u>
140.430	Amendment	48 Ill. Reg. 15283; November 1, 2024
- 11) Statement of Statewide Policy Objectives: These rules do not create or enlarge a mandate as described in Section 3(b) of the State Mandates Act.
- 12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to submit comments on this proposed rulemaking may submit them in writing by no later than 45 days after publication of this Notice to:

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- 13) Initial Regulatory Flexibility Analysis:
- A) Types of small businesses, small municipalities and not for profit corporations affected: Persons who transfer tangible personal property as incident to a sale of service.
 - B) Reporting, bookkeeping or other procedures required for compliance: Basic accounting and computer skills.
 - C) Types of professional skills necessary for compliance: Basic accounting and computer skills.
- 14) Small Business Impact Analysis:
- A) Types of businesses subject to the proposed rule:
 - 42 Wholesale Trade
 - 44-45 Retail Trade
 - B) Categories that the agency reasonably believes the rulemaking will impact, including:
 - iii. purchasing;
 - iv. insurance charges
- 15) Regulatory Agenda on which this rulemaking was summarized: July 2024

The full text of the Proposed Amendments begins on the next page:

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TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE

PART 140
SERVICE OCCUPATION TAX

SUBPART A: NATURE OF TAX

Section	
140.101	Basis and Rate of the Service Occupation Tax
140.105	Calculation of Tax Incurred by Servicemen – Threshold Determination of Cost Ratio
140.106	When Cost Ratio is 35% or Greater, Service Occupation Tax Liability Is Incurred by Servicemen on Their Selling Price
140.108	“De Minimis” Servicemen Who Incur Use Tax on Their Cost Price
140.109	“De Minimis” Servicemen Who Incur Service Occupation Tax on Their Cost Price
140.110	Example of Methods Used by Servicemen to Determine Liability
140.115	Occasional Sales to Servicemen by Suppliers (Repealed)
140.120	Meaning of Serviceman
140.124	Commercial Distribution Fee Sales Tax Exemption (Repealed)
140.125	Examples of Nontaxability
140.126	Taxation of Food, Drugs and Medical Appliances
140.127	Service Provided to Persons Who Lease Tangible Personal Property to Exempt Hospitals
140.128	Persons Who Lease Tangible Personal Property to Governmental Bodies
140.129	Taxation of Seminar Materials
140.130	Suppliers of Printers (Repealed)
140.135	Sales of Drugs and Related Items, to or by Pharmacists (Repealed)
140.140	Other Examples of Taxable Transactions
140.141	Warranty Repairs
140.145	Multi-Service Situations

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140.201	General Definitions

SUBPART C: BASE OF THE TAX

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Section
140.301 Cost Price
140.305 Refunds by Serviceman

SUBPART D: TAX RETURNS

Section
140.401 Monthly Returns When Due – Contents of Returns
140.405 Annual Tax Returns
140.410 Final Return
140.415 Taxpayer’s Duty to Obtain Form
140.420 Annual Information Returns by Servicemen
140.425 Filing of Returns for Serviceman by their Suppliers Under Certain
Circumstances
140.430 Incorporation by Reference

SUBPART E: INTERSTATE COMMERCE

Section
140.501 Sales of Service Involving Property Originating in Illinois
140.505 Sales of Service Involving Property Originating Outside of Illinois
(Repealed)

SUBPART F: REGISTRATION UNDER THE SERVICE OCCUPATION TAX ACT

Section
140.601 General Information

SUBPART G: BOOKS AND RECORDS

Section
140.701 Books and Records – Requirements

SUBPART H: PENALTIES, INTEREST AND PROCEDURES

Section
140.801 General Information

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SUBPART I: WHEN OPINIONS FROM THE DEPARTMENT ARE BINDING

Section
140.901 Written Opinions

SUBPART J: COLLECTION OF THE TAX

Section
140.1001 Payment of Tax
140.1005 Receipt to be Obtained for Tax Payments
140.1010 Payment of Tax Directly to the Department (Repealed)
140.1015 Itemization of the Tax by Suppliers (Repealed)
140.1020 Use of Bracket Chart
140.1025 Advertising in Regard to the Tax

SUBPART K: TIMELY MAILING TREATED AS TIMELY FILING AND PAYING –
MEANING OF DUE DATE WHICH FALLS ON SATURDAY, SUNDAY OR
A HOLIDAY

Section
140.1101 Filing of Documents with the Department

SUBPART L: LEASED PORTIONS OF LESSOR'S BUSINESS SPACE

Section
140.1201 When Lessee of Premises May File Return for Leased Department
140.1205 When Lessor of Premises Should File Return for Leased Department
140.1210 Meaning of "Lessor" and "Lessee" in this Regulation

SUBPART M: USE OF EXEMPTION CERTIFICATES

Section
140.1301 When Purpose of Serviceman's Purchase is Known (Repealed)
140.1305 When Purpose of Serviceman's Purchase is Unknown
140.1310 Blanket Percentage Exemption Certificates (Repealed)

SUBPART N: CLAIMS TO RECOVER ERRONEOUSLY PAID TAX

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140.1401 Claims for Credit – Limitations – Procedures
140.1405 Disposition of Credit Memoranda by Holders Thereof
140.1410 Refunds
140.1415 Interest
140.1420 Verified Credit

SUBPART O: DISCONTINUATION OF A BUSINESS

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140.1501 Procedures

SUBPART P: NOTICE OF SALES OF GOODS IN BULK

Section
140.1601 Requirements and Procedures

SUBPART Q: POWER OF ATTORNEY

Section
140.1701 General Information

AUTHORITY: Implementing the Service Occupation Tax Act [35 ILCS 115] and authorized by Section 2505-100 of the Civil Administrative Code of Illinois [20 ILCS 2505/2505-100].

SOURCE: Adopted May 21, 1962; amended at 3 Ill. Reg. 23, p. 161, effective June 3, 1979; amended at 3 Ill. Reg. 44, p. 198, effective October 19, 1979; amended at 4 Ill. Reg. 24, pp. 526, 536 and 550, effective June 1, 1980; amended at 5 Ill. Reg. 822, effective January 2, 1981; amended at 6 Ill. Reg. 2879, 2883, 2886, 2892, 2895 and 2897, effective March 3, 1982; codified at 6 Ill. Reg. 9326; amended at 9 Ill. Reg. 7941, effective May 14, 1985; amended at 11 Ill. Reg. 14090, effective August 11, 1987; emergency amendment at 12 Ill. Reg. 14419, effective September 1, 1988, for a maximum of 150 days; emergency expired January 29, 1989; amended at 13 Ill. Reg. 9388, effective June 6, 1989; amended at 14 Ill. Reg. 262, effective January 1, 1990; amended at 14 Ill. Reg. 15480, effective September 10, 1990; amended at 15 Ill. Reg. 5834, effective April 5, 1991; amended at 18 Ill. Reg. 1550, effective January 13, 1994; amended at 20 Ill. Reg. 5379, effective March 26, 1996; amended at 20 Ill. Reg. 7008, effective May 7, 1996; amended at 20 Ill. Reg. 16211, effective December 16, 1996; amended at 24 Ill. Reg. 8125, effective May 26, 2000; emergency amendment at 25 Ill.

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Reg. 1811, effective January 16, 2001, for a maximum of 150 days; amended at 25 Ill. Reg. 4971, effective March 23, 2001; amended at 25 Ill. Reg. 6531, effective May 3, 2001; amended at 26 Ill. Reg. 4905, effective March 15, 2002; amended at 27 Ill. Reg. 812, effective January 3, 2003; emergency amendment at 27 Ill. Reg. 11187, effective July 1, 2003, for a maximum of 150 days; emergency expired November 27, 2003; emergency amendment at 28 Ill. Reg. 15257, effective November 3, 2004, for a maximum of 150 days; emergency expired April 1, 2005; amended at 29 Ill. Reg. 1940, effective January 24, 2005; amended at 29 Ill. Reg. 7070, effective April 26, 2005; amended at 32 Ill. Reg. 13845, effective August 11, 2008; amended at 42 Ill. Reg. 19034, effective October 4, 2018; amended at 43 Ill. Reg. 8889, effective July 30, 2019; amended at 46 Ill. Reg. 18152, effective October 25, 2022; amended at 46 Ill. Reg. 18843, effective November 1, 2022; amended at 47 Ill. Reg. 5251, effective March 21, 2023; amended at 47 Ill. Reg. 5771, effective April 4, 2023; amended at 48 Ill. Reg. 1939, effective January 18, 2024; expedited correction at 48 Ill. Reg. 8132, effective January 18, 2024; amended at 48 Ill. Reg. 14809, effective September 25, 2024; amended at 49 Ill. Reg. _____, effective _____.

SUBPART A: NATURE OF TAX

Section 140.124 Commercial Distribution Fee Sales Tax Exemption (Repealed)

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(Source: Repealed at 49 Ill. Reg. _____, effective _____)

Section 140.125 Examples of Nontaxability

The tax does not apply to:

- a) sales or transfers of intangible personal property, such as shares of stocks, bonds, evidences of interest in property, corporate, or other franchises, and evidences of debt. These types of sales are outside the scope of the Service Occupation Tax Act;
- b) sales or transfers of real property, such as lands and buildings that are permanently attached to the land. These types of sales are outside the scope of the Service Occupation Tax Act;
- c) sales or transfers of personal services, where rendered as such. These types of sales are outside the scope of the Service Occupation Tax Act;

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- d) sales or transfers of tangible personal property which come within the protection of the Commerce Clause of the Constitution of the United States. See Subpart E of this Part. These types of sales are outside the scope of the Service Occupation Tax Act;
- e) sales or transfers of *personal property sold by a corporation, society, association, foundation, institution, or organization, other than a limited liability company, that is organized and operated as a not-for-profit service enterprise for the benefit of persons 65 years of age or older if the personal property was not purchased by the enterprise for the purpose of resale by the enterprise.* [35 ILCS 115/3-5(1)] This exemption existed prior to the enactment of Section 3-55 and will not sunset;
- f) sales or transfers of *tangible personal property taxable under the Retailers' Occupation Tax Act [35 ILCS 120] or the Use Tax Act [35 ILCS 105].* [35 ILCS 115/2(a)] This exemption existed prior to the enactment of Section 3-55 and will not sunset;
- g) sales or transfers of *tangible personal property for the purpose of resale, apart from the purchaser's engaging in a service occupation, made in compliance with Section 2c of the Retailers' Occupation Tax Act [35 ILCS 120/2c].* [35 ILCS 115/2(b)] This exemption existed prior to the enactment of Section 3-55 and will not sunset;
- h) sales or transfers of tangible personal property as an incident to sales of service:
 - 1) *to or by any corporation, society, association, foundation or institution organized and operated exclusively for charitable, religious or educational purposes.* [35 ILCS 115/2(c)] The provisions of 86 Ill. Adm. Code 130.2005 apply as if fully set forth in this subsection (h)(1). This exemption existed prior to the enactment of Section 3-55 and will not sunset;
 - 2) *to or by any not-for-profit corporation, society, association, foundation, institution or organization which has no compensated officers or employees and which is organized and operated primarily for the recreation of persons aged 55 years or older.* [35 ILCS 115/2(c)] The provisions of 86 Ill. Adm. Code 130.2005 apply

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as if fully set forth in this subsection (h)(2). This exemption existed prior to the enactment of Section 3-55 and will not sunset;

- 3) *to or by any governmental body.* [35 ILCS 115/2(c)] The provisions of 86 Ill. Adm. Code 130.2055 and 130.2080 apply as if fully set forth in this subsection (h)(3). This exemption existed prior to the enactment of Section 3-55 and will not sunset;
- 4) *to a not-for-profit Illinois county fair association for use in conducting, operating, or promoting the county fair.* [35 ILCS 115/3-5(2)] This exemption existed prior to the enactment of Section 3-55 and will not sunset;
- 5) *to any not-for-profit arts or cultural organization that has received an exemption under Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. 501) 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.* [35 ILCS 115/3-5(3)] This exemption existed prior to the enactment of Section 3-55 and will not sunset.

In order to qualify for exemption, all the above listed organizations, and on and after July 1, 2001, those described in subsection (h)(5), must have been issued an active exemption identification number by the Department;

- i) the sale, employment, and transfer of such tangible personal property as newsprint and ink for physical incorporation into newspapers or magazines. This exemption existed prior to the enactment of Section 3-55 and will not sunset;
- j) sales or transfers of tangible personal property incorporated into real estate by a construction contractor, which activity constitutes a taxable "use" under the Retailers' Occupation Tax Act and the Use Tax Act, rather than the carrying on of a service occupation. These types of sales are outside the scope of the Service Occupation Tax Act

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- k) the sale, *employment, and transfer of such tangible personal property as low sulfur dioxide emission coal fueled devices.* [35 ILCS 115/2b] The provisions of 86 Ill. Adm. Code 130.355 apply as if fully set forth in this subsection (k). This exemption existed prior to the enactment of Section 3-55 and will not sunset;
- l) sales or transfers of stock tonics, serums, and other medicinal products to veterinarians for retransfer as an incident to service in caring for animals that are to be sold or the products of which are to be sold. The provisions of 86 Ill. Adm. Code 130.2165 apply as if fully set forth in this subsection (l). This exemption existed prior to the enactment of Section 3-55 and will not sunset;
- m) sales or transfers of sprays and farm chemicals as an incident to service by persons engaged in the service occupation of spraying crops or applying farm chemicals for others. The provisions of 86 Ill. Adm. Code 130.1955 apply as if fully set forth in this subsection (m). This exemption existed prior to the enactment of Section 3-55 and will not sunset;
- n) sales or transfers of *farm machinery and equipment, both new and used, including individual replacement parts,* transferred as an incident to a sale of service *to be used primarily in production agriculture or State or federal agricultural programs. This paragraph is exempt from the sunset provisions of Section 3-55.* [35 ILCS 115/3-5(7)] The provisions of 86 Ill. Adm. Code 130.305 apply as if fully set forth in this subsection (n);
- o) *a sale or transfer of machinery and equipment used primarily in the process of manufacturing or assembling, either in an existing, an expanded or a new manufacturing facility, of tangible personal property for wholesale or retail sale or lease, whether such 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 such sale or lease is made apart from or as an incident to the seller's engaging in a service occupation and the applicable tax is a Service Occupation Tax or Service Use Tax, rather than Retailers' Occupation Tax or Use Tax.* [35 ILCS 115/2(e)] The transfer of standard or stock parts in the repair of qualifying exempt manufacturing machinery and equipment is exempt. The provisions of 86 Ill. Adm. Code 130.330 apply as if fully set forth in this subsection (o). *On and after July 1, 2017,*

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the exemption in this subsection includes graphic arts machinery and equipment, as defined in paragraph (5) of Section 3-5 of the Act. [35 ILCS 115/2] See also subsection (p). The exemption provided by this subsection includes production related tangible personal property, as defined in Section 3-50 of the Use Tax Act, purchased on or after July 1, 2019. [35 ILCS 115/2(e)] This exemption existed prior to the enactment of Section 3-55 and will not sunset;

- p) *until July 1, 2003 and beginning again on September 1, 2004 through August 30, 2014, the sale or transfer of graphic arts machinery and equipment, including repair and replacement parts, both new and used, used primarily for graphic art production. [35 ILCS 15/3-5(5)] "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. [35 ILCS 115/3-30] The provisions of 86 Ill. Adm. Code 130.325 apply as if fully set forth in this subsection (p). Beginning on July 1, 2017, graphic arts machinery and equipment is included in the manufacturing and assembling machinery and equipment exemption under Section 2 of the Act. [35 ILCS 115/3-5(5)] See also subsection (o);*
- q) *beginning on and after July 1, 2003 and until July 1, 2028, sales or transfers of 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. [35 ILCS 115/3-5(12)] The provisions of 86 Ill. Adm. Code 130.350 apply as if fully set forth in this subsection (q). The exemption provided in this subsection terminated on June 30, 2003, pursuant to P.A. 93-24. P.A. 98-456, effective August 16, 2013, reinstated the coal and aggregate exemption retroactive to July 1, 2003. The Department, however, will not approve any claims or refunds on or after August 16, 2013, for taxes due or paid during the period beginning on July*

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1, 2003 through August 16, 2013. The exemption for coal and aggregate exploration, mining, off highway hauling, processing, maintenance, and reclamation equipment terminated by operation of the sunset provisions of Section 3-55 of the Act on August 16, 2018. Pursuant to P.A. 100-0594, effective June 29, 2018, the exemption provided in this subsection is extended until July 1, 2023. Pursuant to P.A. 102-0700, effective April 19, 2022, the exemption provided in this subsection is extended until July 1, 2028;

- r) *a sale or transfer of tangible personal property as an incident to the rendering of service for owners, lessors or shippers of tangible personal property which is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.* [35 ILCS 115/2(d-1)] The provisions of 86 Ill. Adm. Code 130.340 apply as if fully set forth in this subsection (r). This exemption existed prior to the enactment of Section 3-55 and will not sunset;

- s) *sales or transfers of tangible personal property by teacher-sponsored student organizations affiliated with an elementary or secondary school located in Illinois.* [35 ILCS 115/3-5(6)] The provisions of 86 Ill. Adm. Code 130.2006 apply as if fully set forth in this subsection (s). This exemption existed prior to the enactment of Section 3-55 and will not sunset;

- t) *sales or transfers of legal tender, currency, medallions, or gold or silver coinage issued by the State of Illinois, the government of the United States, or the government of any foreign country, and bullion.* [35 ILCS 115/3-5(4)] "*Bullion*" means gold, silver, or platinum in a bulk state with a purity of not less than 980 parts per 1000. [35 ILCS 115/3-20] In no circumstance shall items sold as jewelry or mounted for wear as jewelry qualify for this exemption. This exemption existed prior to the enactment of Section 3-55 and will not sunset;

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- u) sales or transfers of modified or custom software. Sales of canned software in a service transaction are subject to tax. *"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, includes prewritten or canned software that is held for repeated sale or lease.* [35 ILCS 115/3-25] Canned computer software is considered to be tangible personal property regardless of the form in which it is transferred or transmitted, including tape, disc, card, electronic means, or other media. The sale at retail or transfer of canned software intended for general or repeated use is taxable, including the transfer of software which is subject to manufacturer licenses restricting the use or reproduction of the software. Tax applies to the entire charge made to the customer, including charges for all associated documentation and materials. Charges for updates and maintenance of canned software are considered to be sales of software. Charges for training, telephone assistance, installation and consultation are exempt if they are separately stated from the selling price of software. The provisions of 86 Ill. Adm. Code 130.1935 apply as if fully set forth in this subsection (u). This exemption existed prior to the enactment of Section 3-55 and will not sunset;
- v) sales or transfers of *semen used for artificial insemination of livestock for direct agricultural production.* [35 ILCS 115/3-5(14)] Exemption certifications must be executed by the purchaser. The certificate must include the seller's name and address, the purchaser's name and address, the purchaser's registration number with the Department, the purchaser's signature and date of signing, and a statement that the semen purchased will be used for artificial insemination of livestock for direct agricultural production. The certificates shall be retained by the retailer and shall be made available to the Department for inspection or audit. This exemption existed prior to the enactment of Section 3-55 and will not sunset;

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- w) Game Birds
- 1) beginning July 1, 1999, through August 15, 2011, sales or transfers of game or game birds purchased at:
 - A) a game breeding and hunting preserve area licensed by the Department of Natural Resources (520 ILCS 5/3.27);
 - B) an exotic game hunting area license by the Department of Natural Resources (520 ILCS 5/3.34, repealed by P.A. 97-431, effective 8-16-11); or
 - C) a hunting enclosure approved through rules adopted by the Department of Natural Resources; and
 - 2) beginning August 16, 2011, the sale or transfer of *game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code [520 ILCS 5]. This paragraph is exempt from the sunset provisions of Section 3-55. [35 ILCS 115/3-5(20)]*
- x) *until June 30, 2013, sales or transfers of 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, sales or transfers of 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 is engaged in foreign trade or is engaged in trade between the United States and any of its possessions and 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. [35 ILCS 115/3-5(8)] This exemption existed prior to the enactment of Section 3-55 and will not sunset;*

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- y) *the proceeds of mandatory service charges separately stated on customers' bills for the purchase and consumption of food and beverages, to the extent that the proceeds of the service charge are in fact turned over as tips or as a substitute for tips to the employees who participate directly in preparing, serving, hosting or cleaning up the food or beverage function with respect to which the service charge is imposed. [35 ILCS 115/3-5(9)] This exemption existed prior to the enactment of Section 3-55 and will not sunset;*

- z) *sales or transfers of photoprocessing machinery and equipment, including repair and replacement parts, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for photoprocessing, as defined in Section 3-15 of the Act, and including photoprocessing machinery and equipment purchased for lease. [35 ILCS 115/3-5(11)] This exemption existed prior to the enactment of Section 3-55 and will not sunset;*

- aa) *sales or transfers of 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. The exemption provided for under this subsection 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. This paragraph is exempt from the sunset provisions of Section 3-55. [35 ILCS 115/3-5(15)];*

- bb) *effective January 1, 1996 through December 31, 2000, and on and after August 2, 2001, sales or transfers of computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients sold to a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time of the purchase, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. This paragraph is exempt from the sunset provisions of Section 3-55. [35 ILCS 115/3-5(16)]*

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and (24)] The provisions of 86 Ill. Adm. Code 130.2011 apply as if fully set forth in this subsection (bb);

- cc) effective January 1, 1996 through December 31, 2000, and on and after August 2, 2001, sales or transfers of *personal property sold to a lessor who leases the property, under a lease of one year or longer executed or in effect at the time of the purchase, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. This paragraph is exempt from the sunset provisions of Section 3-55.* [35 ILCS 115/3-5(17) and (25)] The provisions of 86 Ill. Adm. Code 130.2012 apply as if fully set forth in this subsection (cc);
- dd) *beginning January 1, 1992 and through June 30, 2016, sales or transfers of food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks and food that has been prepared for immediate consumption) and prescription and non-prescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code [305 ILCS 5/Art. V] who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act [210 ILCS 45].* [35 ILCS 115/3-5(13)];
- ee) *beginning January 1, 2000, sales or transfers of 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 subsection does not apply to fundraising events:*
- 1) *for the benefit of private home instruction; or*

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- 2) *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 sunset provisions of Section 3-55. [35 ILCS 115/3-5(22)] The provisions of 86 Ill. Adm. Code 130.2009 apply as if fully set forth in this subsection (ee);*
- ff) *beginning January 1, 2010 and continuing through December 31, 2029, sales or transfers of 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.*
- 1) *Beginning January 1, 2010 and continuing through December 31, 2023, the exemption applies only to the transfer of qualifying tangible personal property incident to the modification, refurbishment, completion, replacement, repair, or maintenance of aircraft by persons who hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, have a Class IV Rating, and conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations.*

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- 2) *From January 1, 2024 through December 31, 2029, the exemption applies only to the transfer of qualifying tangible personal property incident to:*
- A) *the modification, refurbishment, completion, repair, replacement, or maintenance of an aircraft by persons 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) *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 (ff)(2)(A).*
- 3) *It is the intent of the General Assembly that the exemption 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. [35 ILCS 115/3-5(29)];*
- gg) *beginning January 1, 2017 and through December 31, 2026, sales or transfers of menstrual pads, tampons, and menstrual cups. [35 ILCS 115/3-5(30)];*
- hh) *sales or transfers of tangible personal property transferred to a purchaser who is exempt from tax by operation of federal law. This paragraph is exempt from the sunset provisions of Section 3-55. [35 ILCS 115/3-5(31)];*
- ii) *sales or transfers of 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*

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subcontractor of the owner, operator, or tenant. This paragraph is exempt from the sunset provisions of Section 3-55. [35 ILCS 115/3-5(32)];

- jj) *beginning January 1, 2008, sales or transfers of 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 [415 ILCS 5], 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 sunset provisions of Section 3-55. [35 ILCS 115/3-5(27)];*
- kk) *sales or transfers of tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the sunset provisions of Section 3-55. [35 ILCS 115/3-5(28)];*
- ll) *until July 1, 2027, sales or transfers of 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 Section 3-8 of the Act, is exempt from taxation under this Act. [35 ILCS 115/3-8];*
- mm) *beginning July 1, 2022, sales or transfers of breast pumps, breast pump collection and storage supplies, and breast pump kits. This paragraph is exempt from the sunset provisions of Section 3-55. As used in this subsection (mm):*

"Breast pump" means an electrically controlled or manually controlled pump device designed or marketed to be used to

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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: bottles and bottle caps not specific to the operation of the breast pump; breast pump travel bags and other similar carrying accessories, including ice packs, labels, and other similar products; breast pump cleaning supplies; nursing bras, bra pads, breast shells, and other similar products; and 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: 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 is pre-packaged as a breast pump kit by the breast pump manufacturer or distributor. [35 ILCS 115/3-5(33)];

- nn) sales or transfers of *tangible personal property sold by or on behalf of the State Treasurer pursuant to the Revised Uniform Unclaimed Property Act*

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[765 ILCS 1026]. *This paragraph is exempt from the sunset provisions of Section 3-55. [35 ILCS 115/3-5(34)];*

- oo) *beginning January 1, 2024, sales or transfers of 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 documenting that the transaction is eligible for the exemption under this subsection. 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, Coast Guard, or Space Force. This paragraph is exempt from the sunset provisions of Section 3-55. [35 ILCS 115/3-5(35)];*

- pp) *beginning July 1, 2024, sales or transfers of 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 paragraph is exempt from the sunset provisions of Section 3-55. [P.A. 103-0643, effective July 1, 2024];*

- qq) *the lease of the following tangible personal property:*
 - 1) *beginning on January 1, 2025 and through December 31, 2029, computer 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;*

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- 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) *beginning on January 1, 2025 and through December 31, 2029, 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. [35 ILCS 120/2-5(49) as enacted by Public Act 103-592]*

(Source: Amended at 49 Ill. Reg. _____, effective _____)