

The graphic arts machinery and equipment exemption extends to machinery and equipment used primarily (over 50%) in graphic arts production. "Graphic arts production" means printing by one or more of the common processes or graphic arts production services as those processes and services are defined in Major Group 27 of the U.S. Standard Industrial Classification Manual. See 86 Ill. Adm. Code 130.325. (This is a GIL.)

December 28, 1998

Dear Mr. Xxxxx:

This letter is in response to your letter dated November 18, 1998. The nature of your letter and the information you have provided require that we respond with a General Information Letter which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

COMPANY is a retailer whose customers are in the graphic arts/hospital market place. We sell developer recycling units to our customers. Hospitals and graphic arts companies have automatic film processors that develop films which is the product/service for their customers.

The recycling units we sell are attached/plumbed to the automatic film processors. The recycling unit recycles the two integral chemicals that develop films (fixer and developer). Recycling these chemicals means less chemicals will be going to water treatment facilities i.e. less water pollution.

The developer recycling unit is called PRODUCT, the fixer recycling unit is called PRODUCT1. There are several models of each unit.

We are seeking a legal ruling on the possible sales tax exemption status for the following:

1. Selling PRODUCT or PRODUCT1 to graphic art customers. We believe these sales could be tax exempt as manufacturing machinery and equipment or as graphic arts machinery and equipment.
2. Selling replacement parts for PRODUCT or PRODUCT1 to graphic art customers.
3. Selling consumable filters which have approximately a six month life to graphic art customers.
4. Selling PRODUCT or PRODUCT1 to hospital customers.

5. Selling replacement parts for PRODUCT or PRODUCT1 to hospital customers.
6. Selling consumable filters which have approximately a six month life to hospital customers.

It is our understanding that it is the purchaser's responsibility to substantiate the tax exempt status for each purchase. The purpose of the ruling we are requesting is to make us a better informed retailer.

Thank you for your cooperation. Should you require more information, please do not hesitate to contact us.

Please find enclosed a copy of 86 Ill. Adm. Code 130.325 regarding the graphic arts machinery and equipment exemption. The graphic arts machinery and equipment exemption extends to machinery and equipment that are used primarily (over 50% of the time) in graphic arts production. "Graphic arts production" means printing by one or more of the common processes or graphic arts production services as those processes and services are defined in Major Group 27 of the U.S. Standard Industrial Classification Manual.

We have enclosed a copy of 86 Ill. Adm. Code 130.335 concerning Pollution Control Facilities. The pollution control facilities exemption extends to "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 "pollution" is defined in the Environmental Protection Act (415 ILCS 5/1 et seq.), 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."

It is important to note that it has been the Department's long-standing position that equipment whose primary purpose is other than that of reducing or eliminating pollution does not qualify for the pollution control facilities exemption. Equipment whose primary purpose is to confer an economic benefit does not qualify for the pollution control facilities exemption.

I hope this information is helpful. The Department of Revenue maintains a Web site which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis
Associate Counsel

MAJ:msk
Enc.