



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB3563

by Rep. Lance Yednock

SYNOPSIS AS INTRODUCED:

New Act

35 ILCS 5/201	from Ch. 120, par. 2-201
35 ILCS 120/1d	from Ch. 120, par. 440d
35 ILCS 120/1e	from Ch. 120, par. 440e
35 ILCS 120/1f	from Ch. 120, par. 440f
35 ILCS 120/51	from Ch. 120, par. 444l
220 ILCS 5/9-222	from Ch. 111 2/3, par. 9-222
220 ILCS 5/9-222.1A	

Creates the Green Energy Business Act. Authorizes the Department of Commerce and Economic Opportunity to receive and approve the applications of qualified businesses seeking designation as Green Energy Businesses. Amends the Illinois Income Tax Act, the Retailers' Occupation Tax Act, and the Public Utilities Act to provide that Green Energy Businesses are eligible for certain credits and exemptions under those Acts. Effective immediately.

LRB101 05945 HLH 50966 b

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Green
5 Energy Business Act.

6 Section 5. Definitions. As used in this Act:

7 "Biodiesel" means a renewable diesel fuel derived from
8 biomass that is intended for use in diesel engines.

9 "Department" means the Department of Commerce and Economic
10 Opportunity.

11 "Ethanol" means a product produced from agricultural
12 commodities or by-products used as a fuel or to be blended with
13 other fuels for use in motor vehicles.

14 "Green Energy Business" means a business that:

15 (i) produces or manufactures components used in the
16 production of electricity from renewable energy resources;

17 (ii) has the capacity to produce and produces at least
18 5 megawatts of electricity from renewable energy resources
19 each year;

20 (iii) has the capacity to produce and produces no less
21 than 30,000,000 gallons of biodiesel or ethanol each year.

22 "Renewable energy resources" means wind energy; solar
23 thermal energy; photovoltaic cells and panels; biodiesel;

1 crops; untreated and unadulterated organic waste biomass;
2 trees and tree trimmings; hydropower that does not involve new
3 construction or significant expansion of hydropower dams; and
4 other alternative sources of environmentally preferable
5 energy. For purposes of this Act, landfill gas produced in the
6 State is a renewable energy resource, but tires; garbage;
7 general household, institutional, and commercial waste;
8 industrial lunchroom or office waste; landscape waste (other
9 than trees and tree trimmings); railroad crossties; utility
10 poles; and construction or demolition debris (other than
11 untreated and unadulterated waste wood) are not. Renewable
12 energy resources also include any renewable energy credit or
13 credits associated with or generated by a source of energy that
14 otherwise qualifies as a renewable energy resource under this
15 Act.

16 Section 10. Green Energy Business.

17 (a) To assist in the encouragement, development, growth,
18 and expansion of the private sector through green energy
19 projects, the Department may receive and approve applications
20 for the designation of "Green Energy Business" in Illinois.
21 Applications may be submitted at any time. No later than 90
22 days after an application is submitted, the Department shall
23 notify the applicant of the Department's determination as to
24 the applicant's qualification to be designated as a Green
25 Energy Business under this Section. To qualify as a Green

1 Energy Business, a business must meet all of the following
2 conditions:

3 (1) It must not be located, at the time of designation,
4 in an enterprise zone designated under the Illinois
5 Enterprise Zone Act.

6 (2) It must commit to (i) produce or manufacture
7 components used in the production of electricity from
8 renewable energy resources; (ii) produce at least 5
9 megawatts of electricity from renewable energy resources
10 each year; or (iii) produce not less than 30,000,000
11 gallons of biodiesel or ethanol each year.

12 (3) It must commit to have the business placed in
13 service at a qualified property in Illinois.

14 (4) It must certify in writing that (i) the investments
15 would not be placed in service at a qualified property
16 without the tax credits and exemptions referenced in
17 subsection (b) of this Section and (ii) the job creation or
18 job retention would not occur without the tax credits and
19 exemptions referenced in subsection (b) of this Section.
20 The terms "placed in service" and "qualified property" have
21 the same meanings as described in subsection (h) of Section
22 201 of the Illinois Income Tax Act.

23 (5) It must meet any additional criteria established by
24 the Department.

25 (b) Each business designated as a Green Energy Business by
26 the Department shall qualify for the credits and exemptions in

1 Sections 9-222 and 9-222.1A of the Public Utilities Act;
2 subsection (h) of Section 201 of the Illinois Income Tax Act;
3 and Section 1d of the Retailers' Occupation Tax Act. Each
4 business designated as a Green Energy Business under this
5 Section shall also qualify for the exemption described in
6 Section 51 of the Retailers' Occupation Tax Act. The credit
7 provided in subsection (h) of Section 201 of the Illinois
8 Income Tax Act shall be applicable to investments in qualified
9 property used to meet the requirements in subdivision (a)(2) of
10 this Section.

11 (c) The Department must revoke a Green Energy Business
12 designation if, within the Department's discretion, the
13 participating business fails to comply with the terms and
14 conditions of the designation.

15 Section 15. Project labor agreements.

16 (a) Each business designated as a Green Energy Business by
17 the Department must enter into a project labor agreement. The
18 project labor agreement must include provisions establishing
19 (i) the minimum hourly wage for each class of labor
20 organization employee; (ii) the benefits and other
21 compensation for each class of labor organization employee; and
22 (iii) that no strike or disputes will be engaged in by the
23 labor organization employees; and (iv) that no lockout or
24 disputes will be engaged in by the owner of a Green Energy
25 Business. The owner of a Green Energy Business and the labor

1 organizations shall have the authority to include other terms
2 and conditions as they deem necessary.

3 (b) Each project labor agreement shall be filed with the
4 Director in accordance with the procedures established by the
5 Department. At a minimum, the project labor agreement must
6 provide the names, addresses, and occupations of the owner of
7 the Green Energy Business and the individuals representing the
8 labor organization employees participating in the project
9 labor agreement. The agreement must also specify the terms and
10 conditions required in subsection (a) of this Section.

11 Section 20. The Illinois Income Tax Act is amended by
12 changing Section 201 as follows:

13 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

14 Sec. 201. Tax imposed.

15 (a) In general. A tax measured by net income is hereby
16 imposed on every individual, corporation, trust and estate for
17 each taxable year ending after July 31, 1969 on the privilege
18 of earning or receiving income in or as a resident of this
19 State. Such tax shall be in addition to all other occupation or
20 privilege taxes imposed by this State or by any municipal
21 corporation or political subdivision thereof.

22 (b) Rates. The tax imposed by subsection (a) of this
23 Section shall be determined as follows, except as adjusted by
24 subsection (d-1):

1 (1) In the case of an individual, trust or estate, for
2 taxable years ending prior to July 1, 1989, an amount equal
3 to 2 1/2% of the taxpayer's net income for the taxable
4 year.

5 (2) In the case of an individual, trust or estate, for
6 taxable years beginning prior to July 1, 1989 and ending
7 after June 30, 1989, an amount equal to the sum of (i) 2
8 1/2% of the taxpayer's net income for the period prior to
9 July 1, 1989, as calculated under Section 202.3, and (ii)
10 3% of the taxpayer's net income for the period after June
11 30, 1989, as calculated under Section 202.3.

12 (3) In the case of an individual, trust or estate, for
13 taxable years beginning after June 30, 1989, and ending
14 prior to January 1, 2011, an amount equal to 3% of the
15 taxpayer's net income for the taxable year.

16 (4) In the case of an individual, trust, or estate, for
17 taxable years beginning prior to January 1, 2011, and
18 ending after December 31, 2010, an amount equal to the sum
19 of (i) 3% of the taxpayer's net income for the period prior
20 to January 1, 2011, as calculated under Section 202.5, and
21 (ii) 5% of the taxpayer's net income for the period after
22 December 31, 2010, as calculated under Section 202.5.

23 (5) In the case of an individual, trust, or estate, for
24 taxable years beginning on or after January 1, 2011, and
25 ending prior to January 1, 2015, an amount equal to 5% of
26 the taxpayer's net income for the taxable year.

1 (5.1) In the case of an individual, trust, or estate,
2 for taxable years beginning prior to January 1, 2015, and
3 ending after December 31, 2014, an amount equal to the sum
4 of (i) 5% of the taxpayer's net income for the period prior
5 to January 1, 2015, as calculated under Section 202.5, and
6 (ii) 3.75% of the taxpayer's net income for the period
7 after December 31, 2014, as calculated under Section 202.5.

8 (5.2) In the case of an individual, trust, or estate,
9 for taxable years beginning on or after January 1, 2015,
10 and ending prior to July 1, 2017, an amount equal to 3.75%
11 of the taxpayer's net income for the taxable year.

12 (5.3) In the case of an individual, trust, or estate,
13 for taxable years beginning prior to July 1, 2017, and
14 ending after June 30, 2017, an amount equal to the sum of
15 (i) 3.75% of the taxpayer's net income for the period prior
16 to July 1, 2017, as calculated under Section 202.5, and
17 (ii) 4.95% of the taxpayer's net income for the period
18 after June 30, 2017, as calculated under Section 202.5.

19 (5.4) In the case of an individual, trust, or estate,
20 for taxable years beginning on or after July 1, 2017, an
21 amount equal to 4.95% of the taxpayer's net income for the
22 taxable year.

23 (6) In the case of a corporation, for taxable years
24 ending prior to July 1, 1989, an amount equal to 4% of the
25 taxpayer's net income for the taxable year.

26 (7) In the case of a corporation, for taxable years

1 beginning prior to July 1, 1989 and ending after June 30,
2 1989, an amount equal to the sum of (i) 4% of the
3 taxpayer's net income for the period prior to July 1, 1989,
4 as calculated under Section 202.3, and (ii) 4.8% of the
5 taxpayer's net income for the period after June 30, 1989,
6 as calculated under Section 202.3.

7 (8) In the case of a corporation, for taxable years
8 beginning after June 30, 1989, and ending prior to January
9 1, 2011, an amount equal to 4.8% of the taxpayer's net
10 income for the taxable year.

11 (9) In the case of a corporation, for taxable years
12 beginning prior to January 1, 2011, and ending after
13 December 31, 2010, an amount equal to the sum of (i) 4.8%
14 of the taxpayer's net income for the period prior to
15 January 1, 2011, as calculated under Section 202.5, and
16 (ii) 7% of the taxpayer's net income for the period after
17 December 31, 2010, as calculated under Section 202.5.

18 (10) In the case of a corporation, for taxable years
19 beginning on or after January 1, 2011, and ending prior to
20 January 1, 2015, an amount equal to 7% of the taxpayer's
21 net income for the taxable year.

22 (11) In the case of a corporation, for taxable years
23 beginning prior to January 1, 2015, and ending after
24 December 31, 2014, an amount equal to the sum of (i) 7% of
25 the taxpayer's net income for the period prior to January
26 1, 2015, as calculated under Section 202.5, and (ii) 5.25%

1 of the taxpayer's net income for the period after December
2 31, 2014, as calculated under Section 202.5.

3 (12) In the case of a corporation, for taxable years
4 beginning on or after January 1, 2015, and ending prior to
5 July 1, 2017, an amount equal to 5.25% of the taxpayer's
6 net income for the taxable year.

7 (13) In the case of a corporation, for taxable years
8 beginning prior to July 1, 2017, and ending after June 30,
9 2017, an amount equal to the sum of (i) 5.25% of the
10 taxpayer's net income for the period prior to July 1, 2017,
11 as calculated under Section 202.5, and (ii) 7% of the
12 taxpayer's net income for the period after June 30, 2017,
13 as calculated under Section 202.5.

14 (14) In the case of a corporation, for taxable years
15 beginning on or after July 1, 2017, an amount equal to 7%
16 of the taxpayer's net income for the taxable year.

17 The rates under this subsection (b) are subject to the
18 provisions of Section 201.5.

19 (c) Personal Property Tax Replacement Income Tax.
20 Beginning on July 1, 1979 and thereafter, in addition to such
21 income tax, there is also hereby imposed the Personal Property
22 Tax Replacement Income Tax measured by net income on every
23 corporation (including Subchapter S corporations), partnership
24 and trust, for each taxable year ending after June 30, 1979.
25 Such taxes are imposed on the privilege of earning or receiving
26 income in or as a resident of this State. The Personal Property

1 Tax Replacement Income Tax shall be in addition to the income
2 tax imposed by subsections (a) and (b) of this Section and in
3 addition to all other occupation or privilege taxes imposed by
4 this State or by any municipal corporation or political
5 subdivision thereof.

6 (d) Additional Personal Property Tax Replacement Income
7 Tax Rates. The personal property tax replacement income tax
8 imposed by this subsection and subsection (c) of this Section
9 in the case of a corporation, other than a Subchapter S
10 corporation and except as adjusted by subsection (d-1), shall
11 be an additional amount equal to 2.85% of such taxpayer's net
12 income for the taxable year, except that beginning on January
13 1, 1981, and thereafter, the rate of 2.85% specified in this
14 subsection shall be reduced to 2.5%, and in the case of a
15 partnership, trust or a Subchapter S corporation shall be an
16 additional amount equal to 1.5% of such taxpayer's net income
17 for the taxable year.

18 (d-1) Rate reduction for certain foreign insurers. In the
19 case of a foreign insurer, as defined by Section 35A-5 of the
20 Illinois Insurance Code, whose state or country of domicile
21 imposes on insurers domiciled in Illinois a retaliatory tax
22 (excluding any insurer whose premiums from reinsurance assumed
23 are 50% or more of its total insurance premiums as determined
24 under paragraph (2) of subsection (b) of Section 304, except
25 that for purposes of this determination premiums from
26 reinsurance do not include premiums from inter-affiliate

1 reinsurance arrangements), beginning with taxable years ending
2 on or after December 31, 1999, the sum of the rates of tax
3 imposed by subsections (b) and (d) shall be reduced (but not
4 increased) to the rate at which the total amount of tax imposed
5 under this Act, net of all credits allowed under this Act,
6 shall equal (i) the total amount of tax that would be imposed
7 on the foreign insurer's net income allocable to Illinois for
8 the taxable year by such foreign insurer's state or country of
9 domicile if that net income were subject to all income taxes
10 and taxes measured by net income imposed by such foreign
11 insurer's state or country of domicile, net of all credits
12 allowed or (ii) a rate of zero if no such tax is imposed on such
13 income by the foreign insurer's state of domicile. For the
14 purposes of this subsection (d-1), an inter-affiliate includes
15 a mutual insurer under common management.

16 (1) For the purposes of subsection (d-1), in no event
17 shall the sum of the rates of tax imposed by subsections
18 (b) and (d) be reduced below the rate at which the sum of:

19 (A) the total amount of tax imposed on such foreign
20 insurer under this Act for a taxable year, net of all
21 credits allowed under this Act, plus

22 (B) the privilege tax imposed by Section 409 of the
23 Illinois Insurance Code, the fire insurance company
24 tax imposed by Section 12 of the Fire Investigation
25 Act, and the fire department taxes imposed under
26 Section 11-10-1 of the Illinois Municipal Code,

1 equals 1.25% for taxable years ending prior to December 31,
2 2003, or 1.75% for taxable years ending on or after
3 December 31, 2003, of the net taxable premiums written for
4 the taxable year, as described by subsection (1) of Section
5 409 of the Illinois Insurance Code. This paragraph will in
6 no event increase the rates imposed under subsections (b)
7 and (d).

8 (2) Any reduction in the rates of tax imposed by this
9 subsection shall be applied first against the rates imposed
10 by subsection (b) and only after the tax imposed by
11 subsection (a) net of all credits allowed under this
12 Section other than the credit allowed under subsection (i)
13 has been reduced to zero, against the rates imposed by
14 subsection (d).

15 This subsection (d-1) is exempt from the provisions of
16 Section 250.

17 (e) Investment credit. A taxpayer shall be allowed a credit
18 against the Personal Property Tax Replacement Income Tax for
19 investment in qualified property.

20 (1) A taxpayer shall be allowed a credit equal to .5%
21 of the basis of qualified property placed in service during
22 the taxable year, provided such property is placed in
23 service on or after July 1, 1984. There shall be allowed an
24 additional credit equal to .5% of the basis of qualified
25 property placed in service during the taxable year,
26 provided such property is placed in service on or after

1 July 1, 1986, and the taxpayer's base employment within
2 Illinois has increased by 1% or more over the preceding
3 year as determined by the taxpayer's employment records
4 filed with the Illinois Department of Employment Security.
5 Taxpayers who are new to Illinois shall be deemed to have
6 met the 1% growth in base employment for the first year in
7 which they file employment records with the Illinois
8 Department of Employment Security. The provisions added to
9 this Section by Public Act 85-1200 (and restored by Public
10 Act 87-895) shall be construed as declaratory of existing
11 law and not as a new enactment. If, in any year, the
12 increase in base employment within Illinois over the
13 preceding year is less than 1%, the additional credit shall
14 be limited to that percentage times a fraction, the
15 numerator of which is .5% and the denominator of which is
16 1%, but shall not exceed .5%. The investment credit shall
17 not be allowed to the extent that it would reduce a
18 taxpayer's liability in any tax year below zero, nor may
19 any credit for qualified property be allowed for any year
20 other than the year in which the property was placed in
21 service in Illinois. For tax years ending on or after
22 December 31, 1987, and on or before December 31, 1988, the
23 credit shall be allowed for the tax year in which the
24 property is placed in service, or, if the amount of the
25 credit exceeds the tax liability for that year, whether it
26 exceeds the original liability or the liability as later

1 amended, such excess may be carried forward and applied to
2 the tax liability of the 5 taxable years following the
3 excess credit years if the taxpayer (i) makes investments
4 which cause the creation of a minimum of 2,000 full-time
5 equivalent jobs in Illinois, (ii) is located in an
6 enterprise zone established pursuant to the Illinois
7 Enterprise Zone Act and (iii) is certified by the
8 Department of Commerce and Community Affairs (now
9 Department of Commerce and Economic Opportunity) as
10 complying with the requirements specified in clause (i) and
11 (ii) by July 1, 1986. The Department of Commerce and
12 Community Affairs (now Department of Commerce and Economic
13 Opportunity) shall notify the Department of Revenue of all
14 such certifications immediately. For tax years ending
15 after December 31, 1988, the credit shall be allowed for
16 the tax year in which the property is placed in service,
17 or, if the amount of the credit exceeds the tax liability
18 for that year, whether it exceeds the original liability or
19 the liability as later amended, such excess may be carried
20 forward and applied to the tax liability of the 5 taxable
21 years following the excess credit years. The credit shall
22 be applied to the earliest year for which there is a
23 liability. If there is credit from more than one tax year
24 that is available to offset a liability, earlier credit
25 shall be applied first.

26 (2) The term "qualified property" means property

1 "manufacturing" means the material staging and production
2 of tangible personal property by procedures commonly
3 regarded as manufacturing, processing, fabrication, or
4 assembling which changes some existing material into new
5 shapes, new qualities, or new combinations. For purposes of
6 this subsection (e) the term "mining" shall have the same
7 meaning as the term "mining" in Section 613(c) of the
8 Internal Revenue Code. For purposes of this subsection (e),
9 the term "retailing" means the sale of tangible personal
10 property for use or consumption and not for resale, or
11 services rendered in conjunction with the sale of tangible
12 personal property for use or consumption and not for
13 resale. For purposes of this subsection (e), "tangible
14 personal property" has the same meaning as when that term
15 is used in the Retailers' Occupation Tax Act, and, for
16 taxable years ending after December 31, 2008, does not
17 include the generation, transmission, or distribution of
18 electricity.

19 (4) The basis of qualified property shall be the basis
20 used to compute the depreciation deduction for federal
21 income tax purposes.

22 (5) If the basis of the property for federal income tax
23 depreciation purposes is increased after it has been placed
24 in service in Illinois by the taxpayer, the amount of such
25 increase shall be deemed property placed in service on the
26 date of such increase in basis.

1 (6) The term "placed in service" shall have the same
2 meaning as under Section 46 of the Internal Revenue Code.

3 (7) If during any taxable year, any property ceases to
4 be qualified property in the hands of the taxpayer within
5 48 months after being placed in service, or the situs of
6 any qualified property is moved outside Illinois within 48
7 months after being placed in service, the Personal Property
8 Tax Replacement Income Tax for such taxable year shall be
9 increased. Such increase shall be determined by (i)
10 recomputing the investment credit which would have been
11 allowed for the year in which credit for such property was
12 originally allowed by eliminating such property from such
13 computation and, (ii) subtracting such recomputed credit
14 from the amount of credit previously allowed. For the
15 purposes of this paragraph (7), a reduction of the basis of
16 qualified property resulting from a redetermination of the
17 purchase price shall be deemed a disposition of qualified
18 property to the extent of such reduction.

19 (8) Unless the investment credit is extended by law,
20 the basis of qualified property shall not include costs
21 incurred after December 31, 2018, except for costs incurred
22 pursuant to a binding contract entered into on or before
23 December 31, 2018.

24 (9) Each taxable year ending before December 31, 2000,
25 a partnership may elect to pass through to its partners the
26 credits to which the partnership is entitled under this

1 subsection (e) for the taxable year. A partner may use the
2 credit allocated to him or her under this paragraph only
3 against the tax imposed in subsections (c) and (d) of this
4 Section. If the partnership makes that election, those
5 credits shall be allocated among the partners in the
6 partnership in accordance with the rules set forth in
7 Section 704(b) of the Internal Revenue Code, and the rules
8 promulgated under that Section, and the allocated amount of
9 the credits shall be allowed to the partners for that
10 taxable year. The partnership shall make this election on
11 its Personal Property Tax Replacement Income Tax return for
12 that taxable year. The election to pass through the credits
13 shall be irrevocable.

14 For taxable years ending on or after December 31, 2000,
15 a partner that qualifies its partnership for a subtraction
16 under subparagraph (I) of paragraph (2) of subsection (d)
17 of Section 203 or a shareholder that qualifies a Subchapter
18 S corporation for a subtraction under subparagraph (S) of
19 paragraph (2) of subsection (b) of Section 203 shall be
20 allowed a credit under this subsection (e) equal to its
21 share of the credit earned under this subsection (e) during
22 the taxable year by the partnership or Subchapter S
23 corporation, determined in accordance with the
24 determination of income and distributive share of income
25 under Sections 702 and 704 and Subchapter S of the Internal
26 Revenue Code. This paragraph is exempt from the provisions

1 of Section 250.

2 (f) Investment credit; Enterprise Zone; River Edge
3 Redevelopment Zone.

4 (1) A taxpayer shall be allowed a credit against the
5 tax imposed by subsections (a) and (b) of this Section for
6 investment in qualified property which is placed in service
7 in an Enterprise Zone created pursuant to the Illinois
8 Enterprise Zone Act or, for property placed in service on
9 or after July 1, 2006, a River Edge Redevelopment Zone
10 established pursuant to the River Edge Redevelopment Zone
11 Act. For partners, shareholders of Subchapter S
12 corporations, and owners of limited liability companies,
13 if the liability company is treated as a partnership for
14 purposes of federal and State income taxation, there shall
15 be allowed a credit under this subsection (f) to be
16 determined in accordance with the determination of income
17 and distributive share of income under Sections 702 and 704
18 and Subchapter S of the Internal Revenue Code. The credit
19 shall be .5% of the basis for such property. The credit
20 shall be available only in the taxable year in which the
21 property is placed in service in the Enterprise Zone or
22 River Edge Redevelopment Zone and shall not be allowed to
23 the extent that it would reduce a taxpayer's liability for
24 the tax imposed by subsections (a) and (b) of this Section
25 to below zero. For tax years ending on or after December
26 31, 1985, the credit shall be allowed for the tax year in

1 which the property is placed in service, or, if the amount
2 of the credit exceeds the tax liability for that year,
3 whether it exceeds the original liability or the liability
4 as later amended, such excess may be carried forward and
5 applied to the tax liability of the 5 taxable years
6 following the excess credit year. The credit shall be
7 applied to the earliest year for which there is a
8 liability. If there is credit from more than one tax year
9 that is available to offset a liability, the credit
10 accruing first in time shall be applied first.

11 (2) The term qualified property means property which:

12 (A) is tangible, whether new or used, including
13 buildings and structural components of buildings;

14 (B) is depreciable pursuant to Section 167 of the
15 Internal Revenue Code, except that "3-year property"
16 as defined in Section 168(c) (2) (A) of that Code is not
17 eligible for the credit provided by this subsection
18 (f);

19 (C) is acquired by purchase as defined in Section
20 179(d) of the Internal Revenue Code;

21 (D) is used in the Enterprise Zone or River Edge
22 Redevelopment Zone by the taxpayer; and

23 (E) has not been previously used in Illinois in
24 such a manner and by such a person as would qualify for
25 the credit provided by this subsection (f) or
26 subsection (e).

1 (3) The basis of qualified property shall be the basis
2 used to compute the depreciation deduction for federal
3 income tax purposes.

4 (4) If the basis of the property for federal income tax
5 depreciation purposes is increased after it has been placed
6 in service in the Enterprise Zone or River Edge
7 Redevelopment Zone by the taxpayer, the amount of such
8 increase shall be deemed property placed in service on the
9 date of such increase in basis.

10 (5) The term "placed in service" shall have the same
11 meaning as under Section 46 of the Internal Revenue Code.

12 (6) If during any taxable year, any property ceases to
13 be qualified property in the hands of the taxpayer within
14 48 months after being placed in service, or the situs of
15 any qualified property is moved outside the Enterprise Zone
16 or River Edge Redevelopment Zone within 48 months after
17 being placed in service, the tax imposed under subsections
18 (a) and (b) of this Section for such taxable year shall be
19 increased. Such increase shall be determined by (i)
20 recomputing the investment credit which would have been
21 allowed for the year in which credit for such property was
22 originally allowed by eliminating such property from such
23 computation, and (ii) subtracting such recomputed credit
24 from the amount of credit previously allowed. For the
25 purposes of this paragraph (6), a reduction of the basis of
26 qualified property resulting from a redetermination of the

1 purchase price shall be deemed a disposition of qualified
2 property to the extent of such reduction.

3 (7) There shall be allowed an additional credit equal
4 to 0.5% of the basis of qualified property placed in
5 service during the taxable year in a River Edge
6 Redevelopment Zone, provided such property is placed in
7 service on or after July 1, 2006, and the taxpayer's base
8 employment within Illinois has increased by 1% or more over
9 the preceding year as determined by the taxpayer's
10 employment records filed with the Illinois Department of
11 Employment Security. Taxpayers who are new to Illinois
12 shall be deemed to have met the 1% growth in base
13 employment for the first year in which they file employment
14 records with the Illinois Department of Employment
15 Security. If, in any year, the increase in base employment
16 within Illinois over the preceding year is less than 1%,
17 the additional credit shall be limited to that percentage
18 times a fraction, the numerator of which is 0.5% and the
19 denominator of which is 1%, but shall not exceed 0.5%.

20 (g) (Blank).

21 (h) Investment credit; High Impact Business; Green Energy
22 Business.

23 (1) Subject to subsection (a) of Section 10 of the
24 Green Energy Business Act, or subsections (b) and (b-5) of
25 Section 5.5 of the Illinois Enterprise Zone Act, a taxpayer
26 shall be allowed a credit against the tax imposed by

1 subsections (a) and (b) of this Section for investment in
2 qualified property which is placed in service by a
3 Department of Commerce and Economic Opportunity designated
4 Green Energy Business or High Impact Business. The credit
5 shall be .5% of the basis for such property. The credit
6 shall not be available (i) until the minimum investments in
7 qualified property set forth in subdivision (a)(3)(A) of
8 Section 5.5 of the Illinois Enterprise Zone Act have been
9 satisfied or (ii) until the Department of Commerce and
10 Economic Opportunity designates the business as a Green
11 Energy Business under the Green Energy Business Act, or
12 until the time authorized in subsection (b-5) of the
13 Illinois Enterprise Zone Act for entities designated as
14 High Impact Businesses under subdivisions (a)(3)(B),
15 (a)(3)(C), and (a)(3)(D) of Section 5.5 of the Illinois
16 Enterprise Zone Act, and shall not be allowed to the extent
17 that it would reduce a taxpayer's liability for the tax
18 imposed by subsections (a) and (b) of this Section to below
19 zero. The credit applicable to such investments shall be
20 taken in the taxable year in which such investments have
21 been completed. The credit for additional investments
22 beyond the minimum investment by a designated high impact
23 business authorized under subdivision (a)(3)(A) of Section
24 5.5 of the Illinois Enterprise Zone Act shall be available
25 only in the taxable year in which the property is placed in
26 service and shall not be allowed to the extent that it

1 would reduce a taxpayer's liability for the tax imposed by
2 subsections (a) and (b) of this Section to below zero. For
3 tax years ending on or after December 31, 1987, the credit
4 shall be allowed for the tax year in which the property is
5 placed in service, or, if the amount of the credit exceeds
6 the tax liability for that year, whether it exceeds the
7 original liability or the liability as later amended, such
8 excess may be carried forward and applied to the tax
9 liability of the 5 taxable years following the excess
10 credit year. The credit shall be applied to the earliest
11 year for which there is a liability. If there is credit
12 from more than one tax year that is available to offset a
13 liability, the credit accruing first in time shall be
14 applied first.

15 Changes made in this subdivision (h) (1) by Public Act
16 88-670 restore changes made by Public Act 85-1182 and
17 reflect existing law.

18 (2) The term qualified property means property which:

19 (A) is tangible, whether new or used, including
20 buildings and structural components of buildings;

21 (B) is depreciable pursuant to Section 167 of the
22 Internal Revenue Code, except that "3-year property"
23 as defined in Section 168(c) (2) (A) of that Code is not
24 eligible for the credit provided by this subsection
25 (h);

26 (C) is acquired by purchase as defined in Section

1 179(d) of the Internal Revenue Code; and

2 (D) is not eligible for the Enterprise Zone
3 Investment Credit provided by subsection (f) of this
4 Section.

5 (3) The basis of qualified property shall be the basis
6 used to compute the depreciation deduction for federal
7 income tax purposes.

8 (4) If the basis of the property for federal income tax
9 depreciation purposes is increased after it has been placed
10 in service in a federally designated Foreign Trade Zone or
11 Sub-Zone located in Illinois by the taxpayer, the amount of
12 such increase shall be deemed property placed in service on
13 the date of such increase in basis.

14 (5) The term "placed in service" shall have the same
15 meaning as under Section 46 of the Internal Revenue Code.

16 (6) If during any taxable year ending on or before
17 December 31, 1996, any property ceases to be qualified
18 property in the hands of the taxpayer within 48 months
19 after being placed in service, or the situs of any
20 qualified property is moved outside Illinois within 48
21 months after being placed in service, the tax imposed under
22 subsections (a) and (b) of this Section for such taxable
23 year shall be increased. Such increase shall be determined
24 by (i) recomputing the investment credit which would have
25 been allowed for the year in which credit for such property
26 was originally allowed by eliminating such property from

1 such computation, and (ii) subtracting such recomputed
2 credit from the amount of credit previously allowed. For
3 the purposes of this paragraph (6), a reduction of the
4 basis of qualified property resulting from a
5 redetermination of the purchase price shall be deemed a
6 disposition of qualified property to the extent of such
7 reduction.

8 (7) Beginning with tax years ending after December 31,
9 1996, if a taxpayer qualifies for the credit under this
10 subsection (h) and thereby is granted a tax abatement and
11 the taxpayer relocates its entire facility in violation of
12 the explicit terms and length of the contract under Section
13 18-183 of the Property Tax Code, the tax imposed under
14 subsections (a) and (b) of this Section shall be increased
15 for the taxable year in which the taxpayer relocated its
16 facility by an amount equal to the amount of credit
17 received by the taxpayer under this subsection (h).

18 (i) Credit for Personal Property Tax Replacement Income
19 Tax. For tax years ending prior to December 31, 2003, a credit
20 shall be allowed against the tax imposed by subsections (a) and
21 (b) of this Section for the tax imposed by subsections (c) and
22 (d) of this Section. This credit shall be computed by
23 multiplying the tax imposed by subsections (c) and (d) of this
24 Section by a fraction, the numerator of which is base income
25 allocable to Illinois and the denominator of which is Illinois
26 base income, and further multiplying the product by the tax

1 rate imposed by subsections (a) and (b) of this Section.

2 Any credit earned on or after December 31, 1986 under this
3 subsection which is unused in the year the credit is computed
4 because it exceeds the tax liability imposed by subsections (a)
5 and (b) for that year (whether it exceeds the original
6 liability or the liability as later amended) may be carried
7 forward and applied to the tax liability imposed by subsections
8 (a) and (b) of the 5 taxable years following the excess credit
9 year, provided that no credit may be carried forward to any
10 year ending on or after December 31, 2003. This credit shall be
11 applied first to the earliest year for which there is a
12 liability. If there is a credit under this subsection from more
13 than one tax year that is available to offset a liability the
14 earliest credit arising under this subsection shall be applied
15 first.

16 If, during any taxable year ending on or after December 31,
17 1986, the tax imposed by subsections (c) and (d) of this
18 Section for which a taxpayer has claimed a credit under this
19 subsection (i) is reduced, the amount of credit for such tax
20 shall also be reduced. Such reduction shall be determined by
21 recomputing the credit to take into account the reduced tax
22 imposed by subsections (c) and (d). If any portion of the
23 reduced amount of credit has been carried to a different
24 taxable year, an amended return shall be filed for such taxable
25 year to reduce the amount of credit claimed.

26 (j) Training expense credit. Beginning with tax years

1 ending on or after December 31, 1986 and prior to December 31,
2 2003, a taxpayer shall be allowed a credit against the tax
3 imposed by subsections (a) and (b) under this Section for all
4 amounts paid or accrued, on behalf of all persons employed by
5 the taxpayer in Illinois or Illinois residents employed outside
6 of Illinois by a taxpayer, for educational or vocational
7 training in semi-technical or technical fields or semi-skilled
8 or skilled fields, which were deducted from gross income in the
9 computation of taxable income. The credit against the tax
10 imposed by subsections (a) and (b) shall be 1.6% of such
11 training expenses. For partners, shareholders of subchapter S
12 corporations, and owners of limited liability companies, if the
13 liability company is treated as a partnership for purposes of
14 federal and State income taxation, there shall be allowed a
15 credit under this subsection (j) to be determined in accordance
16 with the determination of income and distributive share of
17 income under Sections 702 and 704 and subchapter S of the
18 Internal Revenue Code.

19 Any credit allowed under this subsection which is unused in
20 the year the credit is earned may be carried forward to each of
21 the 5 taxable years following the year for which the credit is
22 first computed until it is used. This credit shall be applied
23 first to the earliest year for which there is a liability. If
24 there is a credit under this subsection from more than one tax
25 year that is available to offset a liability the earliest
26 credit arising under this subsection shall be applied first. No

1 carryforward credit may be claimed in any tax year ending on or
2 after December 31, 2003.

3 (k) Research and development credit. For tax years ending
4 after July 1, 1990 and prior to December 31, 2003, and
5 beginning again for tax years ending on or after December 31,
6 2004, and ending prior to January 1, 2022, a taxpayer shall be
7 allowed a credit against the tax imposed by subsections (a) and
8 (b) of this Section for increasing research activities in this
9 State. The credit allowed against the tax imposed by
10 subsections (a) and (b) shall be equal to 6 1/2% of the
11 qualifying expenditures for increasing research activities in
12 this State. For partners, shareholders of subchapter S
13 corporations, and owners of limited liability companies, if the
14 liability company is treated as a partnership for purposes of
15 federal and State income taxation, there shall be allowed a
16 credit under this subsection to be determined in accordance
17 with the determination of income and distributive share of
18 income under Sections 702 and 704 and subchapter S of the
19 Internal Revenue Code.

20 For purposes of this subsection, "qualifying expenditures"
21 means the qualifying expenditures as defined for the federal
22 credit for increasing research activities which would be
23 allowable under Section 41 of the Internal Revenue Code and
24 which are conducted in this State, "qualifying expenditures for
25 increasing research activities in this State" means the excess
26 of qualifying expenditures for the taxable year in which

1 incurred over qualifying expenditures for the base period,
2 "qualifying expenditures for the base period" means the average
3 of the qualifying expenditures for each year in the base
4 period, and "base period" means the 3 taxable years immediately
5 preceding the taxable year for which the determination is being
6 made.

7 Any credit in excess of the tax liability for the taxable
8 year may be carried forward. A taxpayer may elect to have the
9 unused credit shown on its final completed return carried over
10 as a credit against the tax liability for the following 5
11 taxable years or until it has been fully used, whichever occurs
12 first; provided that no credit earned in a tax year ending
13 prior to December 31, 2003 may be carried forward to any year
14 ending on or after December 31, 2003.

15 If an unused credit is carried forward to a given year from
16 2 or more earlier years, that credit arising in the earliest
17 year will be applied first against the tax liability for the
18 given year. If a tax liability for the given year still
19 remains, the credit from the next earliest year will then be
20 applied, and so on, until all credits have been used or no tax
21 liability for the given year remains. Any remaining unused
22 credit or credits then will be carried forward to the next
23 following year in which a tax liability is incurred, except
24 that no credit can be carried forward to a year which is more
25 than 5 years after the year in which the expense for which the
26 credit is given was incurred.

1 No inference shall be drawn from this amendatory Act of the
2 91st General Assembly in construing this Section for taxable
3 years beginning before January 1, 1999.

4 It is the intent of the General Assembly that the research
5 and development credit under this subsection (k) shall apply
6 continuously for all tax years ending on or after December 31,
7 2004 and ending prior to January 1, 2022, including, but not
8 limited to, the period beginning on January 1, 2016 and ending
9 on the effective date of this amendatory Act of the 100th
10 General Assembly. All actions taken in reliance on the
11 continuation of the credit under this subsection (k) by any
12 taxpayer are hereby validated.

13 (1) Environmental Remediation Tax Credit.

14 (i) For tax years ending after December 31, 1997 and on
15 or before December 31, 2001, a taxpayer shall be allowed a
16 credit against the tax imposed by subsections (a) and (b)
17 of this Section for certain amounts paid for unreimbursed
18 eligible remediation costs, as specified in this
19 subsection. For purposes of this Section, "unreimbursed
20 eligible remediation costs" means costs approved by the
21 Illinois Environmental Protection Agency ("Agency") under
22 Section 58.14 of the Environmental Protection Act that were
23 paid in performing environmental remediation at a site for
24 which a No Further Remediation Letter was issued by the
25 Agency and recorded under Section 58.10 of the
26 Environmental Protection Act. The credit must be claimed

1 for the taxable year in which Agency approval of the
2 eligible remediation costs is granted. The credit is not
3 available to any taxpayer if the taxpayer or any related
4 party caused or contributed to, in any material respect, a
5 release of regulated substances on, in, or under the site
6 that was identified and addressed by the remedial action
7 pursuant to the Site Remediation Program of the
8 Environmental Protection Act. After the Pollution Control
9 Board rules are adopted pursuant to the Illinois
10 Administrative Procedure Act for the administration and
11 enforcement of Section 58.9 of the Environmental
12 Protection Act, determinations as to credit availability
13 for purposes of this Section shall be made consistent with
14 those rules. For purposes of this Section, "taxpayer"
15 includes a person whose tax attributes the taxpayer has
16 succeeded to under Section 381 of the Internal Revenue Code
17 and "related party" includes the persons disallowed a
18 deduction for losses by paragraphs (b), (c), and (f)(1) of
19 Section 267 of the Internal Revenue Code by virtue of being
20 a related taxpayer, as well as any of its partners. The
21 credit allowed against the tax imposed by subsections (a)
22 and (b) shall be equal to 25% of the unreimbursed eligible
23 remediation costs in excess of \$100,000 per site, except
24 that the \$100,000 threshold shall not apply to any site
25 contained in an enterprise zone as determined by the
26 Department of Commerce and Community Affairs (now

1 Department of Commerce and Economic Opportunity). The
2 total credit allowed shall not exceed \$40,000 per year with
3 a maximum total of \$150,000 per site. For partners and
4 shareholders of subchapter S corporations, there shall be
5 allowed a credit under this subsection to be determined in
6 accordance with the determination of income and
7 distributive share of income under Sections 702 and 704 and
8 subchapter S of the Internal Revenue Code.

9 (ii) A credit allowed under this subsection that is
10 unused in the year the credit is earned may be carried
11 forward to each of the 5 taxable years following the year
12 for which the credit is first earned until it is used. The
13 term "unused credit" does not include any amounts of
14 unreimbursed eligible remediation costs in excess of the
15 maximum credit per site authorized under paragraph (i).
16 This credit shall be applied first to the earliest year for
17 which there is a liability. If there is a credit under this
18 subsection from more than one tax year that is available to
19 offset a liability, the earliest credit arising under this
20 subsection shall be applied first. A credit allowed under
21 this subsection may be sold to a buyer as part of a sale of
22 all or part of the remediation site for which the credit
23 was granted. The purchaser of a remediation site and the
24 tax credit shall succeed to the unused credit and remaining
25 carry-forward period of the seller. To perfect the
26 transfer, the assignor shall record the transfer in the

1 chain of title for the site and provide written notice to
2 the Director of the Illinois Department of Revenue of the
3 assignor's intent to sell the remediation site and the
4 amount of the tax credit to be transferred as a portion of
5 the sale. In no event may a credit be transferred to any
6 taxpayer if the taxpayer or a related party would not be
7 eligible under the provisions of subsection (i).

8 (iii) For purposes of this Section, the term "site"
9 shall have the same meaning as under Section 58.2 of the
10 Environmental Protection Act.

11 (m) Education expense credit. Beginning with tax years
12 ending after December 31, 1999, a taxpayer who is the custodian
13 of one or more qualifying pupils shall be allowed a credit
14 against the tax imposed by subsections (a) and (b) of this
15 Section for qualified education expenses incurred on behalf of
16 the qualifying pupils. The credit shall be equal to 25% of
17 qualified education expenses, but in no event may the total
18 credit under this subsection claimed by a family that is the
19 custodian of qualifying pupils exceed (i) \$500 for tax years
20 ending prior to December 31, 2017, and (ii) \$750 for tax years
21 ending on or after December 31, 2017. In no event shall a
22 credit under this subsection reduce the taxpayer's liability
23 under this Act to less than zero. Notwithstanding any other
24 provision of law, for taxable years beginning on or after
25 January 1, 2017, no taxpayer may claim a credit under this
26 subsection (m) if the taxpayer's adjusted gross income for the

1 taxable year exceeds (i) \$500,000, in the case of spouses
2 filing a joint federal tax return or (ii) \$250,000, in the case
3 of all other taxpayers. This subsection is exempt from the
4 provisions of Section 250 of this Act.

5 For purposes of this subsection:

6 "Qualifying pupils" means individuals who (i) are
7 residents of the State of Illinois, (ii) are under the age of
8 21 at the close of the school year for which a credit is
9 sought, and (iii) during the school year for which a credit is
10 sought were full-time pupils enrolled in a kindergarten through
11 twelfth grade education program at any school, as defined in
12 this subsection.

13 "Qualified education expense" means the amount incurred on
14 behalf of a qualifying pupil in excess of \$250 for tuition,
15 book fees, and lab fees at the school in which the pupil is
16 enrolled during the regular school year.

17 "School" means any public or nonpublic elementary or
18 secondary school in Illinois that is in compliance with Title
19 VI of the Civil Rights Act of 1964 and attendance at which
20 satisfies the requirements of Section 26-1 of the School Code,
21 except that nothing shall be construed to require a child to
22 attend any particular public or nonpublic school to qualify for
23 the credit under this Section.

24 "Custodian" means, with respect to qualifying pupils, an
25 Illinois resident who is a parent, the parents, a legal
26 guardian, or the legal guardians of the qualifying pupils.

1 (n) River Edge Redevelopment Zone site remediation tax
2 credit.

3 (i) For tax years ending on or after December 31, 2006,
4 a taxpayer shall be allowed a credit against the tax
5 imposed by subsections (a) and (b) of this Section for
6 certain amounts paid for unreimbursed eligible remediation
7 costs, as specified in this subsection. For purposes of
8 this Section, "unreimbursed eligible remediation costs"
9 means costs approved by the Illinois Environmental
10 Protection Agency ("Agency") under Section 58.14a of the
11 Environmental Protection Act that were paid in performing
12 environmental remediation at a site within a River Edge
13 Redevelopment Zone for which a No Further Remediation
14 Letter was issued by the Agency and recorded under Section
15 58.10 of the Environmental Protection Act. The credit must
16 be claimed for the taxable year in which Agency approval of
17 the eligible remediation costs is granted. The credit is
18 not available to any taxpayer if the taxpayer or any
19 related party caused or contributed to, in any material
20 respect, a release of regulated substances on, in, or under
21 the site that was identified and addressed by the remedial
22 action pursuant to the Site Remediation Program of the
23 Environmental Protection Act. Determinations as to credit
24 availability for purposes of this Section shall be made
25 consistent with rules adopted by the Pollution Control
26 Board pursuant to the Illinois Administrative Procedure

1 Act for the administration and enforcement of Section 58.9
2 of the Environmental Protection Act. For purposes of this
3 Section, "taxpayer" includes a person whose tax attributes
4 the taxpayer has succeeded to under Section 381 of the
5 Internal Revenue Code and "related party" includes the
6 persons disallowed a deduction for losses by paragraphs
7 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
8 Code by virtue of being a related taxpayer, as well as any
9 of its partners. The credit allowed against the tax imposed
10 by subsections (a) and (b) shall be equal to 25% of the
11 unreimbursed eligible remediation costs in excess of
12 \$100,000 per site.

13 (ii) A credit allowed under this subsection that is
14 unused in the year the credit is earned may be carried
15 forward to each of the 5 taxable years following the year
16 for which the credit is first earned until it is used. This
17 credit shall be applied first to the earliest year for
18 which there is a liability. If there is a credit under this
19 subsection from more than one tax year that is available to
20 offset a liability, the earliest credit arising under this
21 subsection shall be applied first. A credit allowed under
22 this subsection may be sold to a buyer as part of a sale of
23 all or part of the remediation site for which the credit
24 was granted. The purchaser of a remediation site and the
25 tax credit shall succeed to the unused credit and remaining
26 carry-forward period of the seller. To perfect the

1 transfer, the assignor shall record the transfer in the
2 chain of title for the site and provide written notice to
3 the Director of the Illinois Department of Revenue of the
4 assignor's intent to sell the remediation site and the
5 amount of the tax credit to be transferred as a portion of
6 the sale. In no event may a credit be transferred to any
7 taxpayer if the taxpayer or a related party would not be
8 eligible under the provisions of subsection (i).

9 (iii) For purposes of this Section, the term "site"
10 shall have the same meaning as under Section 58.2 of the
11 Environmental Protection Act.

12 (o) For each of taxable years during the Compassionate Use
13 of Medical Cannabis Pilot Program, a surcharge is imposed on
14 all taxpayers on income arising from the sale or exchange of
15 capital assets, depreciable business property, real property
16 used in the trade or business, and Section 197 intangibles of
17 an organization registrant under the Compassionate Use of
18 Medical Cannabis Pilot Program Act. The amount of the surcharge
19 is equal to the amount of federal income tax liability for the
20 taxable year attributable to those sales and exchanges. The
21 surcharge imposed does not apply if:

22 (1) the medical cannabis cultivation center
23 registration, medical cannabis dispensary registration, or
24 the property of a registration is transferred as a result
25 of any of the following:

26 (A) bankruptcy, a receivership, or a debt

1 adjustment initiated by or against the initial
2 registration or the substantial owners of the initial
3 registration;

4 (B) cancellation, revocation, or termination of
5 any registration by the Illinois Department of Public
6 Health;

7 (C) a determination by the Illinois Department of
8 Public Health that transfer of the registration is in
9 the best interests of Illinois qualifying patients as
10 defined by the Compassionate Use of Medical Cannabis
11 Pilot Program Act;

12 (D) the death of an owner of the equity interest in
13 a registrant;

14 (E) the acquisition of a controlling interest in
15 the stock or substantially all of the assets of a
16 publicly traded company;

17 (F) a transfer by a parent company to a wholly
18 owned subsidiary; or

19 (G) the transfer or sale to or by one person to
20 another person where both persons were initial owners
21 of the registration when the registration was issued;
22 or

23 (2) the cannabis cultivation center registration,
24 medical cannabis dispensary registration, or the
25 controlling interest in a registrant's property is
26 transferred in a transaction to lineal descendants in which

1 no gain or loss is recognized or as a result of a
2 transaction in accordance with Section 351 of the Internal
3 Revenue Code in which no gain or loss is recognized.

4 (Source: P.A. 100-22, eff. 7-6-17.)

5 Section 25. The Retailers' Occupation Tax Act is amended by
6 changing Sections 1d, 1e, 1f, and 5l as follows:

7 (35 ILCS 120/1d) (from Ch. 120, par. 440d)

8 Sec. 1d. Subject to the provisions of Section 1f, all
9 tangible personal property to be used or consumed within an
10 enterprise zone established pursuant to the "Illinois
11 Enterprise Zone Act", as amended, or subject to the provisions
12 of Section 5.5 of the Illinois Enterprise Zone Act, or subject
13 to the provisions of Section 10 of the Green Energy Business
14 Act, all tangible personal property to be used or consumed by
15 any High Impact Business or Green Energy Business 7 in the
16 process of the manufacturing or assembly of tangible personal
17 property for wholesale or retail sale or lease or in the
18 process of graphic arts production if used or consumed at a
19 facility which is a Department of Commerce and Economic
20 Opportunity certified business and located in a county of more
21 than 4,000 persons and less than 45,000 persons is exempt from
22 the tax imposed by this Act. This exemption includes repair and
23 replacement parts for machinery and equipment used primarily in
24 the process of manufacturing or assembling tangible personal

1 property or in the process of graphic arts production if used
2 or consumed at a facility which is a Department of Commerce and
3 Economic Opportunity certified business and located in a county
4 of more than 4,000 persons and less than 45,000 persons for
5 wholesale or retail sale, or lease, and equipment,
6 manufacturing or graphic arts fuels, material and supplies for
7 the maintenance, repair or operation of such manufacturing or
8 assembling or graphic arts machinery or equipment. The
9 exemption provided in this Section for tangible personal
10 property to be used or consumed in the process of manufacturing
11 or assembly of tangible personal property for wholesale or
12 retail sale or lease, and the repair and replacement parts for
13 that machinery and equipment, does not apply to such property
14 used or consumed in (i) the generation of electricity for
15 wholesale or retail sale; (ii) the generation or treatment of
16 natural or artificial gas for wholesale or retail sale that is
17 delivered to customers through pipes, pipelines, or mains; or
18 (iii) the treatment of water for wholesale or retail sale that
19 is delivered to customers through pipes, pipelines, or mains.
20 The provisions of this amendatory Act of the 98th General
21 Assembly are declaratory of existing law as to the meaning and
22 scope of this exemption.

23 (Source: P.A. 98-583, eff. 1-1-14.)

24 (35 ILCS 120/1e) (from Ch. 120, par. 440e)

25 Sec. 1e. Subject to the provisions of Section 1f, or

1 subject to the provisions of Section 5.5 of the Illinois
2 Enterprise Zone Act, or subject to the provisions of Section 10
3 of the Green Energy Business Act, all tangible personal
4 property to be used or consumed in the operation of pollution
5 control facilities, as defined in Section 1a of this Act,
6 within an enterprise zone established pursuant to the "Illinois
7 Enterprise Zone Act", as amended, shall be exempt from the tax
8 imposed by this Act.

9 (Source: P.A. 85-1182.)

10 (35 ILCS 120/1f) (from Ch. 120, par. 440f)

11 Sec. 1f. Except for High Impact Businesses or Green Energy
12 Businesses, the exemption stated in Sections 1d and 1e of this
13 Act shall only apply to business enterprises which:

14 (1) either (i) make investments which cause the
15 creation of a minimum of 200 full-time equivalent jobs in
16 Illinois or (ii) make investments which cause the retention
17 of a minimum of 2000 full-time jobs in Illinois or (iii)
18 make investments of a minimum of \$40,000,000 and retain at
19 least 90% of the jobs in place on the date on which the
20 exemption is granted and for the duration of the exemption;
21 and

22 (2) are located in an Enterprise Zone established
23 pursuant to the Illinois Enterprise Zone Act; and

24 (3) are certified by the Department of Commerce and
25 Economic Opportunity as complying with the requirements

1 specified in clauses (1) and (2).

2 In addition, from March 1, 2010 to July 31, 2012, the
3 exemption stated in Sections 1d and 1e of this Act shall also
4 apply to a business enterprise that (i) complied with the
5 requirements specified in clause (1) above as of March 1, 2010,
6 (ii) receives certification from the Department of Commerce and
7 Economic Opportunity, (iii) was a Department of Commerce and
8 Economic Opportunity certified business enterprise in 2009,
9 and (iv) retained a minimum of 500 full-time equivalent jobs in
10 Illinois in 2009 and 2010, 675 full-time equivalent jobs in
11 Illinois in 2011, 850 full-time equivalent jobs in Illinois in
12 2012, and 1,000 full-time equivalent jobs in Illinois in 2013;
13 those jobs must have been created in the manufacturing sector
14 as defined by the North American Industry Classification
15 System.

16 Any business enterprise seeking to avail itself of the
17 exemptions stated in Sections 1d or 1e, or both, shall make
18 application to the Department of Commerce and Economic
19 Opportunity in such form and providing such information as may
20 be prescribed by the Department of Commerce and Economic
21 Opportunity. However, no business enterprise shall be
22 required, as a condition for certification under clause (3) of
23 this Section, to attest that its decision to invest under
24 clause (1) of this Section and to locate under clause (2) of
25 this Section is predicated upon the availability of the
26 exemptions authorized by Sections 1d or 1e.

1 The Department of Commerce and Economic Opportunity shall
2 determine whether the business enterprise meets the criteria
3 prescribed in this Section. If the Department of Commerce and
4 Economic Opportunity determines that such business enterprise
5 meets the criteria, it shall issue a certificate of eligibility
6 for exemption to the business enterprise in such form as is
7 prescribed by the Department of Revenue. The Department of
8 Commerce and Economic Opportunity shall act upon such
9 certification requests within 60 days after receipt of the
10 application, and shall file with the Department of Revenue a
11 copy of each certificate of eligibility for exemption.

12 The Department of Commerce and Economic Opportunity shall
13 have the power to promulgate rules and regulations to carry out
14 the provisions of this Section including the power to define
15 the amounts and types of eligible investments not specified in
16 this Section which business enterprises must make in order to
17 receive the exemptions stated in Sections 1d and 1e of this
18 Act; and to require that any business enterprise that is
19 granted a tax exemption repay the exempted tax if the business
20 enterprise fails to comply with the terms and conditions of the
21 certification.

22 Such certificate of eligibility for exemption shall be
23 presented by the business enterprise to its supplier when
24 making the initial purchase of tangible personal property for
25 which an exemption is granted by Section 1d or Section 1e, or
26 both, together with a certification by the business enterprise

1 that such tangible personal property is exempt from taxation
2 under Section 1d or Section 1e and by indicating the exempt
3 status of each subsequent purchase on the face of the purchase
4 order.

5 The Department of Commerce and Economic Opportunity shall
6 determine the period during which such exemption from the taxes
7 imposed under this Act is in effect which shall not exceed 20
8 years.

9 (Source: P.A. 100-1032, eff. 8-22-18.)

10 (35 ILCS 120/51) (from Ch. 120, par. 4441)

11 Sec. 51. Building materials exemption; High Impact
12 Business.

13 (a) Beginning January 1, 1995, each retailer who makes a
14 sale of building materials that will be incorporated into a
15 High Impact Business location as designated by the Department
16 of Commerce and Economic Opportunity under Section 5.5 of the
17 Illinois Enterprise Zone Act or Section 10 of the Green Energy
18 Business Act may deduct receipts from such sales when
19 calculating only the 6.25% State rate of tax imposed by this
20 Act. Beginning on the effective date of this amendatory Act of
21 1995, a retailer may also deduct receipts from such sales when
22 calculating any applicable local taxes. However, until the
23 effective date of this amendatory Act of 1995, a retailer may
24 file claims for credit or refund to recover the amount of any
25 applicable local tax paid on such sales. No retailer who is

1 eligible for the deduction or credit under Section 5k of this
2 Act for making a sale of building materials to be incorporated
3 into real estate in an enterprise zone by rehabilitation,
4 remodeling or new construction shall be eligible for the
5 deduction or credit authorized under this Section.

6 (b) On and after July 1, 2013, in addition to any other
7 requirements to document the exemption allowed under this
8 Section, the retailer must obtain from the purchaser the
9 purchaser's High Impact Business Building Materials Exemption
10 Certificate number issued by the Department. A construction
11 contractor or other entity shall not make tax-free purchases
12 unless it has an active Exemption Certificate issued by the
13 Department at the time of purchase.

14 Upon request from the designated High Impact Business, the
15 Department shall issue a High Impact Business Building
16 Materials Exemption Certificate for each construction
17 contractor or other entity identified by the designated High
18 Impact Business. The Department shall make the Exemption
19 Certificates available to each construction contractor or
20 other entity and the designated High Impact Business. The
21 request for Building Materials Exemption Certificates from the
22 designated High Impact Business to the Department must include
23 the following information:

24 (1) the name and address of the construction contractor
25 or other entity;

26 (2) the name and location or address of the designated

1 High Impact Business;

2 (3) the estimated amount of the exemption for each
3 construction contractor or other entity for which a request
4 for Exemption Certificate is made, based on a stated
5 estimated average tax rate and the percentage of the
6 contract that consists of materials;

7 (4) the period of time over which supplies for the
8 project are expected to be purchased; and

9 (5) other reasonable information as the Department may
10 require, including but not limited to FEIN numbers, to
11 determine if the contractor or other entity, or any
12 partner, or a corporate officer, and in the case of a
13 limited liability company, any manager or member, of the
14 construction contractor or other entity, is or has been the
15 owner, a partner, a corporate officer, and in the case of a
16 limited liability company, a manager or member, of a person
17 that is in default for moneys due to the Department under
18 this Act or any other tax or fee Act administered by the
19 Department.

20 The Department shall issue the High Impact Business
21 Building Materials Exemption Certificates within 3 business
22 days after receipt of request from the designated High Impact
23 Business. This requirement does not apply in circumstances
24 where the Department, for reasonable cause, is unable to issue
25 the Exemption Certificate within 3 business days. The
26 Department may refuse to issue an Exemption Certificate if the

1 owner, any partner, or a corporate officer, and in the case of
2 a limited liability company, any manager or member, of the
3 construction contractor or other entity is or has been the
4 owner, a partner, a corporate officer, and in the case of a
5 limited liability company, a manager or member, of a person
6 that is in default for moneys due to the Department under this
7 Act or any other tax or fee Act administered by the Department.
8 The High Impact Business Building Materials Exemption
9 Certificate shall contain language stating that if the
10 construction contractor or other entity who is issued the
11 Exemption Certificate makes a tax-exempt purchase, as
12 described in this Section, that is not eligible for exemption
13 under this Section or allows another person to make a
14 tax-exempt purchase, as described in this Section, that is not
15 eligible for exemption under this Section, then, in addition to
16 any tax or other penalty imposed, the construction contractor
17 or other entity is subject to a penalty equal to the tax that
18 would have been paid by the retailer under this Act as well as
19 any applicable local retailers' occupation tax on the purchase
20 that is not eligible for the exemption.

21 The Department, in its discretion, may require that the
22 request for High Impact Business Building Materials Exemption
23 Certificates be submitted electronically. The Department may,
24 in its discretion, issue the Exemption Certificates
25 electronically. The High Impact Business Building Materials
26 Exemption Certificate number shall be designed in such a way

1 that the Department can identify from the unique number on the
2 Exemption Certificate issued to a given construction
3 contractor or other entity, the name of the designated High
4 Impact Business and the construction contractor or other entity
5 to whom the Exemption Certificate is issued. The Exemption
6 Certificate shall contain an expiration date, which shall be no
7 more than 2 years after the date of issuance. At the request of
8 the designated High Impact Business, the Department may renew
9 an Exemption Certificate. After the Department issues
10 Exemption Certificates for a given designated High Impact
11 Business, the designated High Impact Business may notify the
12 Department of additional construction contractors or other
13 entities eligible for a Building Materials Exemption
14 Certificate. Upon notification by the designated High Impact
15 Business and subject to the other provisions of this subsection
16 (b), the Department shall issue a High Impact Business Building
17 Materials Exemption Certificate to each additional
18 construction contractor or other entity identified by the
19 designated High Impact Business. A designated High Impact
20 Business may notify the Department to rescind a Building
21 Materials Exemption Certificate previously issued by the
22 Department but that has not yet expired. Upon notification by
23 the designated High Impact Business and subject to the other
24 provisions of this subsection (b), the Department shall issue
25 the rescission of the Building Materials Exemption Certificate
26 to the construction contractor or other entity identified by

1 the designated High Impact Business and provide a copy to the
2 designated High Impact Business.

3 If the Department of Revenue determines that a construction
4 contractor or other entity that was issued an Exemption
5 Certificate under this subsection (b) made a tax-exempt
6 purchase, as described in this Section, that was not eligible
7 for exemption under this Section or allowed another person to
8 make a tax-exempt purchase, as described in this Section, that
9 was not eligible for exemption under this Section, then, in
10 addition to any tax or other penalty imposed, the construction
11 contractor or other entity is subject to a penalty equal to the
12 tax that would have been paid by the retailer under this Act as
13 well as any applicable local retailers' occupation tax on the
14 purchase that was not eligible for the exemption.

15 (c) Notwithstanding anything to the contrary in this
16 Section, for High Impact Businesses for which projects are
17 already in existence and for which construction contracts are
18 already in place on July 1, 2013, the request for High Impact
19 Business Building Materials Exemption Certificates from the
20 High Impact Business to the Department for these pre-existing
21 construction contractors and other entities must include the
22 information required under subsection (b), but not including
23 the information listed in items (3) and (4). For any new
24 construction contract entered into on or after July 1, 2013,
25 however, all of the information in subsection (b) must be
26 provided.

1 (Source: P.A. 97-905, eff. 8-7-12; 98-109, eff. 7-25-13.)

2 Section 30. The Public Utilities Act is amended by changing
3 Sections 9-222 and 9-222.1A as follows:

4 (220 ILCS 5/9-222) (from Ch. 111 2/3, par. 9-222)

5 Sec. 9-222. Whenever a tax is imposed upon a public utility
6 engaged in the business of distributing, supplying,
7 furnishing, or selling gas for use or consumption pursuant to
8 Section 2 of the Gas Revenue Tax Act, or whenever a tax is
9 required to be collected by a delivering supplier pursuant to
10 Section 2-7 of the Electricity Excise Tax Act, or whenever a
11 tax is imposed upon a public utility pursuant to Section 2-202
12 of this Act, such utility may charge its customers, other than
13 customers who are Green Energy Businesses under Section 10 of
14 the Green Energy Business Act, High Impact Businesses ~~high~~
15 ~~impact businesses~~ under Section 5.5 of the Illinois Enterprise
16 Zone Act, or certified business enterprises under Section
17 9-222.1 of this Act, to the extent of such exemption and during
18 the period in which such exemption is in effect, in addition to
19 any rate authorized by this Act, an additional charge equal to
20 the total amount of such taxes. The exemption of this Section
21 relating to High Impact Businesses ~~high impact businesses~~ shall
22 be subject to the provisions of subsections (a), (b), and (b-5)
23 of Section 5.5 of the Illinois Enterprise Zone Act. The
24 exemption of this Section relating to Green Energy Businesses

1 shall be subject to the provisions of subsection (a) of Section
2 10 of the Green Energy Business Act. This requirement shall not
3 apply to taxes on invested capital imposed pursuant to the
4 Messages Tax Act, the Gas Revenue Tax Act and the Public
5 Utilities Revenue Act. Such utility shall file with the
6 Commission a supplemental schedule which shall specify such
7 additional charge and which shall become effective upon filing
8 without further notice. Such additional charge shall be shown
9 separately on the utility bill to each customer. The Commission
10 shall have the power to investigate whether or not such
11 supplemental schedule correctly specifies such additional
12 charge, but shall have no power to suspend such supplemental
13 schedule. If the Commission finds, after a hearing, that such
14 supplemental schedule does not correctly specify such
15 additional charge, it shall by order require a refund to the
16 appropriate customers of the excess, if any, with interest, in
17 such manner as it shall deem just and reasonable, and in and by
18 such order shall require the utility to file an amended
19 supplemental schedule corresponding to the finding and order of
20 the Commission. Except with respect to taxes imposed on
21 invested capital, such tax liabilities shall be recovered from
22 customers solely by means of the additional charges authorized
23 by this Section.

24 (Source: P.A. 91-914, eff. 7-7-00; 92-12, eff. 7-1-01.)

1 Sec. 9-222.1A. High impact business or green energy
2 business. Beginning on August 1, 1998 and thereafter, a
3 business enterprise that is certified as a High Impact Business
4 or a Green Energy Business by the Department of Commerce and
5 Economic Opportunity (formerly Department of Commerce and
6 Community Affairs) is exempt from the tax imposed by Section
7 2-4 of the Electricity Excise Tax Law, if the High Impact
8 Business or a Green Energy Business is registered to
9 self-assess that tax, and is exempt from any additional charges
10 added to the business enterprise's utility bills as a pass-on
11 of State utility taxes under Section 9-222 of this Act, to the
12 extent the tax or charges are exempted by the percentage
13 specified by the Department of Commerce and Economic
14 Opportunity for State utility taxes, provided the business
15 enterprise meets the following criteria:

16 (1) (A) it intends either (i) to make a minimum
17 eligible investment of \$12,000,000 that will be placed
18 in service in qualified property in Illinois and is
19 intended to create at least 500 full-time equivalent
20 jobs at a designated location in Illinois; or (ii) to
21 make a minimum eligible investment of \$30,000,000 that
22 will be placed in service in qualified property in
23 Illinois and is intended to retain at least 1,500
24 full-time equivalent jobs at a designated location in
25 Illinois; or

26 (B) it meets the criteria of subdivision

1 (a) (3) (B), (a) (3) (C), (a) (3) (D), or (a) (3) (F) of
2 Section 5.5 of the Illinois Enterprise Zone Act, or of
3 subsection (a) of Section 10 of the Green Energy
4 Business Act;

5 (2) it is designated as a High Impact Business or a
6 Green Energy Business by the Department of Commerce and
7 Economic Opportunity; and

8 (3) it is certified by the Department of Commerce and
9 Economic Opportunity as complying with the requirements
10 specified in clauses (1) and (2) of this Section.

11 The Department of Commerce and Economic Opportunity shall
12 determine the period during which the exemption from the
13 Electricity Excise Tax Law and the charges imposed under
14 Section 9-222 are in effect, which shall not exceed 20 years
15 from the date of initial certification, and shall specify the
16 percentage of the exemption from those taxes or additional
17 charges.

18 The Department of Commerce and Economic Opportunity is
19 authorized to promulgate rules and regulations to carry out the
20 provisions of this Section, including procedures for complying
21 with the requirements specified in clauses (1) and (2) of this
22 Section and procedures for applying for the exemptions
23 authorized under this Section; to define the amounts and types
24 of eligible investments that business enterprises must make in
25 order to receive State utility tax exemptions or exemptions
26 from the additional charges imposed under Section 9-222 and

1 this Section; to approve such utility tax exemptions for
2 business enterprises whose investments are not yet placed in
3 service; and to require that business enterprises granted tax
4 exemptions or exemptions from additional charges under Section
5 9-222 repay the exempted amount if the business enterprise
6 fails to comply with the terms and conditions of the
7 certification.

8 Upon certification of the business enterprises by the
9 Department of Commerce and Economic Opportunity, the
10 Department of Commerce and Economic Opportunity shall notify
11 the Department of Revenue of the certification. The Department
12 of Revenue shall notify the public utilities of the exemption
13 status of business enterprises from the tax or pass-on charges
14 of State utility taxes. The exemption status shall take effect
15 within 3 months after certification of the business enterprise.
16 (Source: P.A. 98-109, eff. 7-25-13.)

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.