



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB2496

by Rep. Adam Brown

SYNOPSIS AS INTRODUCED:

20 ILCS 655/5.5

from Ch. 67 1/2, par. 609.1

35 ILCS 200/18-165

Amends the Illinois Enterprise Zone Act. Provides that a business that intends to establish a fertilizer plant at a designated location in Illinois may be designated as a high impact business. Provides that a business that intends to make a minimum investment of \$500,000,000, which will be placed in service in a qualified property, and intends to create 125 full-time equivalent jobs at a designated location in Illinois may be designated as a high impact business. Amends the Property Tax Code to provide for an abatement of property taxes for property of any commercial or industrial development of at least 225 (instead of 500) acres. Effective immediately.

LRB098 10739 HLH 41084 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

1 AN ACT concerning State government.

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

4 Section 5. The Illinois Enterprise Zone Act is amended by
5 changing Section 5.5 as follows:

6 (20 ILCS 655/5.5) (from Ch. 67 1/2, par. 609.1)

7 Sec. 5.5. High Impact Business.

8 (a) In order to respond to unique opportunities to assist
9 in the encouragement, development, growth and expansion of the
10 private sector through large scale investment and development
11 projects, the Department is authorized to receive and approve
12 applications for the designation of "High Impact Businesses" in
13 Illinois subject to the following conditions:

14 (1) such applications may be submitted at any time
15 during the year;

16 (2) such business is not located, at the time of
17 designation, in an enterprise zone designated pursuant to
18 this Act;

19 (3) the business intends to do one or more of the
20 following:

21 (A) the business intends to make a minimum
22 investment of \$12,000,000 which will be placed in
23 service in qualified property and intends to create 500

1 full-time equivalent jobs at a designated location in
2 Illinois, or intends to make a minimum investment of
3 \$500,000,000, which will be placed in service in a
4 qualified property and intends to create 125 full-time
5 equivalent jobs at a designated location in Illinois,
6 or intends to make a minimum investment of \$30,000,000
7 which will be placed in service in qualified property
8 and intends to retain 1,500 full-time retained jobs at
9 a designated location in Illinois. The business must
10 certify in writing that the investments would not be
11 placed in service in qualified property and the job
12 creation or job retention would not occur without the
13 tax credits and exemptions set forth in subsection (b)
14 of this Section. The terms "placed in service" and
15 "qualified property" have the same meanings as
16 described in subsection (h) of Section 201 of the
17 Illinois Income Tax Act; or

18 (B) the business intends to establish a new
19 electric generating facility at a designated location
20 in Illinois. "New electric generating facility", for
21 purposes of this Section, means a newly-constructed
22 electric generation plant or a newly-constructed
23 generation capacity expansion at an existing electric
24 generation plant, including the transmission lines and
25 associated equipment that transfers electricity from
26 points of supply to points of delivery, and for which

1 such new foundation construction commenced not sooner
2 than July 1, 2001. Such facility shall be designed to
3 provide baseload electric generation and shall operate
4 on a continuous basis throughout the year; and (i)
5 shall have an aggregate rated generating capacity of at
6 least 1,000 megawatts for all new units at one site if
7 it uses natural gas as its primary fuel and foundation
8 construction of the facility is commenced on or before
9 December 31, 2004, or shall have an aggregate rated
10 generating capacity of at least 400 megawatts for all
11 new units at one site if it uses coal or gases derived
12 from coal as its primary fuel and shall support the
13 creation of at least 150 new Illinois coal mining jobs,
14 or (ii) shall be funded through a federal Department of
15 Energy grant before December 31, 2010 and shall support
16 the creation of Illinois coal-mining jobs, or (iii)
17 shall use coal gasification or integrated
18 gasification-combined cycle units that generate
19 electricity or chemicals, or both, and shall support
20 the creation of Illinois coal-mining jobs. The
21 business must certify in writing that the investments
22 necessary to establish a new electric generating
23 facility would not be placed in service and the job
24 creation in the case of a coal-fueled plant would not
25 occur without the tax credits and exemptions set forth
26 in subsection (b-5) of this Section. The term "placed

1 in service" has the same meaning as described in
2 subsection (h) of Section 201 of the Illinois Income
3 Tax Act; or

4 (B-5) the business intends to establish a new
5 gasification facility at a designated location in
6 Illinois. As used in this Section, "new gasification
7 facility" means a newly constructed coal gasification
8 facility that generates chemical feedstocks or
9 transportation fuels derived from coal (which may
10 include, but are not limited to, methane, methanol, and
11 nitrogen fertilizer), that supports the creation or
12 retention of Illinois coal-mining jobs, and that
13 qualifies for financial assistance from the Department
14 before December 31, 2010. A new gasification facility
15 does not include a pilot project located within
16 Jefferson County or within a county adjacent to
17 Jefferson County for synthetic natural gas from coal;
18 or

19 (C) the business intends to establish production
20 operations at a new coal mine, re-establish production
21 operations at a closed coal mine, or expand production
22 at an existing coal mine at a designated location in
23 Illinois not sooner than July 1, 2001; provided that
24 the production operations result in the creation of 150
25 new Illinois coal mining jobs as described in
26 subdivision (a)(3)(B) of this Section, and further

1 provided that the coal extracted from such mine is
2 utilized as the predominant source for a new electric
3 generating facility. The business must certify in
4 writing that the investments necessary to establish a
5 new, expanded, or reopened coal mine would not be
6 placed in service and the job creation would not occur
7 without the tax credits and exemptions set forth in
8 subsection (b-5) of this Section. The term "placed in
9 service" has the same meaning as described in
10 subsection (h) of Section 201 of the Illinois Income
11 Tax Act; or

12 (D) the business intends to construct new
13 transmission facilities or upgrade existing
14 transmission facilities at designated locations in
15 Illinois, for which construction commenced not sooner
16 than July 1, 2001. For the purposes of this Section,
17 "transmission facilities" means transmission lines
18 with a voltage rating of 115 kilovolts or above,
19 including associated equipment, that transfer
20 electricity from points of supply to points of delivery
21 and that transmit a majority of the electricity
22 generated by a new electric generating facility
23 designated as a High Impact Business in accordance with
24 this Section. The business must certify in writing that
25 the investments necessary to construct new
26 transmission facilities or upgrade existing

1 transmission facilities would not be placed in service
2 without the tax credits and exemptions set forth in
3 subsection (b-5) of this Section. The term "placed in
4 service" has the same meaning as described in
5 subsection (h) of Section 201 of the Illinois Income
6 Tax Act; or

7 (E) the business intends to establish a new wind
8 power facility at a designated location in Illinois.
9 For purposes of this Section, "new wind power facility"
10 means a newly constructed electric generation
11 facility, or a newly constructed expansion of an
12 existing electric generation facility, placed in
13 service on or after July 1, 2009, that generates
14 electricity using wind energy devices, and such
15 facility shall be deemed to include all associated
16 transmission lines, substations, and other equipment
17 related to the generation of electricity from wind
18 energy devices. For purposes of this Section, "wind
19 energy device" means any device, with a nameplate
20 capacity of at least 0.5 megawatts, that is used in the
21 process of converting kinetic energy from the wind to
22 generate electricity; or ~~and~~

23 (F) the business intends to establish a fertilizer
24 plant at a designated location in Illinois; for the
25 purposes of this Section, "fertilizer plant" means a
26 newly constructed or upgraded plant facilitating gas

1 used in the production of anhydrous ammonia and
2 downstream nitrogen fertilizer products for resale;
3 and

4 (4) no later than 90 days after an application is
5 submitted, the Department shall notify the applicant of the
6 Department's determination of the qualification of the
7 proposed High Impact Business under this Section.

8 (b) Businesses designated as High Impact Businesses
9 pursuant to subdivision (a) (3) (A) of this Section shall qualify
10 for the credits and exemptions described in the following Acts:
11 Section 9-222 and Section 9-222.1A of the Public Utilities Act,
12 subsection (h) of Section 201 of the Illinois Income Tax Act,
13 and Section 1d of the Retailers' Occupation Tax Act; provided
14 that these credits and exemptions described in these Acts shall
15 not be authorized until the minimum investments set forth in
16 subdivision (a) (3) (A) of this Section have been placed in
17 service in qualified properties and, in the case of the
18 exemptions described in the Public Utilities Act and Section 1d
19 of the Retailers' Occupation Tax Act, the minimum full-time
20 equivalent jobs or full-time retained jobs set forth in
21 subdivision (a) (3) (A) of this Section have been created or
22 retained. Businesses designated as High Impact Businesses
23 under this Section shall also qualify for the exemption
24 described in Section 5l of the Retailers' Occupation Tax Act.
25 The credit provided in subsection (h) of Section 201 of the
26 Illinois Income Tax Act shall be applicable to investments in

1 qualified property as set forth in subdivision (a)(3)(A) of
2 this Section.

3 (b-5) Businesses designated as High Impact Businesses
4 pursuant to subdivisions (a)(3)(B), (a)(3)(B-5), (a)(3)(C),
5 and (a)(3)(D) of this Section shall qualify for the credits and
6 exemptions described in the following Acts: Section 51 of the
7 Retailers' Occupation Tax Act, Section 9-222 and Section
8 9-222.1A of the Public Utilities Act, and subsection (h) of
9 Section 201 of the Illinois Income Tax Act; however, the
10 credits and exemptions authorized under Section 9-222 and
11 Section 9-222.1A of the Public Utilities Act, and subsection
12 (h) of Section 201 of the Illinois Income Tax Act shall not be
13 authorized until the new electric generating facility, the new
14 gasification facility, the new transmission facility, or the
15 new, expanded, or reopened coal mine is operational, except
16 that a new electric generating facility whose primary fuel
17 source is natural gas is eligible only for the exemption under
18 Section 51 of the Retailers' Occupation Tax Act.

19 (b-6) Businesses designated as High Impact Businesses
20 pursuant to subdivision (a)(3)(E) of this Section shall qualify
21 for the exemptions described in Section 51 of the Retailers'
22 Occupation Tax Act; any business so designated as a High Impact
23 Business being, for purposes of this Section, a "Wind Energy
24 Business".

25 (c) High Impact Businesses located in federally designated
26 foreign trade zones or sub-zones are also eligible for

1 additional credits, exemptions and deductions as described in
2 the following Acts: Section 9-221 and Section 9-222.1 of the
3 Public Utilities Act; and subsection (g) of Section 201, and
4 Section 203 of the Illinois Income Tax Act.

5 (d) Except for businesses contemplated under subdivision
6 (a)(3)(E) of this Section, existing Illinois businesses which
7 apply for designation as a High Impact Business must provide
8 the Department with the prospective plan for which 1,500
9 full-time retained jobs would be eliminated in the event that
10 the business is not designated.

11 (e) Except for new wind power facilities contemplated under
12 subdivision (a)(3)(E) of this Section, new proposed facilities
13 which apply for designation as High Impact Business must
14 provide the Department with proof of alternative non-Illinois
15 sites which would receive the proposed investment and job
16 creation in the event that the business is not designated as a
17 High Impact Business.

18 (f) Except for businesses contemplated under subdivision
19 (a)(3)(E) of this Section, in the event that a business is
20 designated a High Impact Business and it is later determined
21 after reasonable notice and an opportunity for a hearing as
22 provided under the Illinois Administrative Procedure Act, that
23 the business would have placed in service in qualified property
24 the investments and created or retained the requisite number of
25 jobs without the benefits of the High Impact Business
26 designation, the Department shall be required to immediately

1 revoke the designation and notify the Director of the
2 Department of Revenue who shall begin proceedings to recover
3 all wrongfully exempted State taxes with interest. The business
4 shall also be ineligible for all State funded Department
5 programs for a period of 10 years.

6 (g) The Department shall revoke a High Impact Business
7 designation if the participating business fails to comply with
8 the terms and conditions of the designation. However, the
9 penalties for new wind power facilities or Wind Energy
10 Businesses for failure to comply with any of the terms or
11 conditions of the Illinois Prevailing Wage Act shall be only
12 those penalties identified in the Illinois Prevailing Wage Act,
13 and the Department shall not revoke a High Impact Business
14 designation as a result of the failure to comply with any of
15 the terms or conditions of the Illinois Prevailing Wage Act in
16 relation to a new wind power facility or a Wind Energy
17 Business.

18 (h) Prior to designating a business, the Department shall
19 provide the members of the General Assembly and Commission on
20 Government Forecasting and Accountability with a report
21 setting forth the terms and conditions of the designation and
22 guarantees that have been received by the Department in
23 relation to the proposed business being designated.

24 (Source: P.A. 96-28, eff. 7-1-09; 97-905, eff. 8-7-12.)

25 Section 10. The Property Tax Code is amended by changing

1 Section 18-165 as follows:

2 (35 ILCS 200/18-165)

3 Sec. 18-165. Abatement of taxes.

4 (a) Any taxing district, upon a majority vote of its
5 governing authority, may, after the determination of the
6 assessed valuation of its property, order the clerk of that
7 county to abate any portion of its taxes on the following types
8 of property:

9 (1) Commercial and industrial.

10 (A) The property of any commercial or industrial
11 firm, including but not limited to the property of (i)
12 any firm that is used for collecting, separating,
13 storing, or processing recyclable materials, locating
14 within the taxing district during the immediately
15 preceding year from another state, territory, or
16 country, or having been newly created within this State
17 during the immediately preceding year, or expanding an
18 existing facility, or (ii) any firm that is used for
19 the generation and transmission of electricity
20 locating within the taxing district during the
21 immediately preceding year or expanding its presence
22 within the taxing district during the immediately
23 preceding year by construction of a new electric
24 generating facility that uses natural gas as its fuel,
25 or any firm that is used for production operations at a

1 new, expanded, or reopened coal mine within the taxing
2 district, that has been certified as a High Impact
3 Business by the Illinois Department of Commerce and
4 Economic Opportunity. The property of any firm used for
5 the generation and transmission of electricity shall
6 include all property of the firm used for transmission
7 facilities as defined in Section 5.5 of the Illinois
8 Enterprise Zone Act. The abatement shall not exceed a
9 period of 10 years and the aggregate amount of abated
10 taxes for all taxing districts combined shall not
11 exceed \$4,000,000.

12 (A-5) Any property in the taxing district of a new
13 electric generating facility, as defined in Section
14 605-332 of the Department of Commerce and Economic
15 Opportunity Law of the Civil Administrative Code of
16 Illinois. The abatement shall not exceed a period of 10
17 years. The abatement shall be subject to the following
18 limitations:

19 (i) if the equalized assessed valuation of the
20 new electric generating facility is equal to or
21 greater than \$25,000,000 but less than
22 \$50,000,000, then the abatement may not exceed (i)
23 over the entire term of the abatement, 5% of the
24 taxing district's aggregate taxes from the new
25 electric generating facility and (ii) in any one
26 year of abatement, 20% of the taxing district's

1 taxes from the new electric generating facility;

2 (ii) if the equalized assessed valuation of
3 the new electric generating facility is equal to or
4 greater than \$50,000,000 but less than
5 \$75,000,000, then the abatement may not exceed (i)
6 over the entire term of the abatement, 10% of the
7 taxing district's aggregate taxes from the new
8 electric generating facility and (ii) in any one
9 year of abatement, 35% of the taxing district's
10 taxes from the new electric generating facility;

11 (iii) if the equalized assessed valuation of
12 the new electric generating facility is equal to or
13 greater than \$75,000,000 but less than
14 \$100,000,000, then the abatement may not exceed
15 (i) over the entire term of the abatement, 20% of
16 the taxing district's aggregate taxes from the new
17 electric generating facility and (ii) in any one
18 year of abatement, 50% of the taxing district's
19 taxes from the new electric generating facility;

20 (iv) if the equalized assessed valuation of
21 the new electric generating facility is equal to or
22 greater than \$100,000,000 but less than
23 \$125,000,000, then the abatement may not exceed
24 (i) over the entire term of the abatement, 30% of
25 the taxing district's aggregate taxes from the new
26 electric generating facility and (ii) in any one

1 year of abatement, 60% of the taxing district's
2 taxes from the new electric generating facility;

3 (v) if the equalized assessed valuation of the
4 new electric generating facility is equal to or
5 greater than \$125,000,000 but less than
6 \$150,000,000, then the abatement may not exceed
7 (i) over the entire term of the abatement, 40% of
8 the taxing district's aggregate taxes from the new
9 electric generating facility and (ii) in any one
10 year of abatement, 60% of the taxing district's
11 taxes from the new electric generating facility;

12 (vi) if the equalized assessed valuation of
13 the new electric generating facility is equal to or
14 greater than \$150,000,000, then the abatement may
15 not exceed (i) over the entire term of the
16 abatement, 50% of the taxing district's aggregate
17 taxes from the new electric generating facility
18 and (ii) in any one year of abatement, 60% of the
19 taxing district's taxes from the new electric
20 generating facility.

21 The abatement is not effective unless the owner of
22 the new electric generating facility agrees to repay to
23 the taxing district all amounts previously abated,
24 together with interest computed at the rate and in the
25 manner provided for delinquent taxes, in the event that
26 the owner of the new electric generating facility

1 closes the new electric generating facility before the
2 expiration of the entire term of the abatement.

3 The authorization of taxing districts to abate
4 taxes under this subdivision (a)(1)(A-5) expires on
5 January 1, 2010.

6 (B) The property of any commercial or industrial
7 development of at least 225 ~~500~~ acres having been
8 created within the taxing district. The abatement
9 shall not exceed a period of 20 years and the aggregate
10 amount of abated taxes for all taxing districts
11 combined shall not exceed \$12,000,000.

12 (C) The property of any commercial or industrial
13 firm currently located in the taxing district that
14 expands a facility or its number of employees. The
15 abatement shall not exceed a period of 10 years and the
16 aggregate amount of abated taxes for all taxing
17 districts combined shall not exceed \$4,000,000. The
18 abatement period may be renewed at the option of the
19 taxing districts.

20 (2) Horse racing. Any property in the taxing district
21 which is used for the racing of horses and upon which
22 capital improvements consisting of expansion, improvement
23 or replacement of existing facilities have been made since
24 July 1, 1987. The combined abatements for such property
25 from all taxing districts in any county shall not exceed
26 \$5,000,000 annually and shall not exceed a period of 10

1 years.

2 (3) Auto racing. Any property designed exclusively for
3 the racing of motor vehicles. Such abatement shall not
4 exceed a period of 10 years.

5 (4) Academic or research institute. The property of any
6 academic or research institute in the taxing district that
7 (i) is an exempt organization under paragraph (3) of
8 Section 501(c) of the Internal Revenue Code, (ii) operates
9 for the benefit of the public by actually and exclusively
10 performing scientific research and making the results of
11 the research available to the interested public on a
12 non-discriminatory basis, and (iii) employs more than 100
13 employees. An abatement granted under this paragraph shall
14 be for at least 15 years and the aggregate amount of abated
15 taxes for all taxing districts combined shall not exceed
16 \$5,000,000.

17 (5) Housing for older persons. Any property in the
18 taxing district that is devoted exclusively to affordable
19 housing for older households. For purposes of this
20 paragraph, "older households" means those households (i)
21 living in housing provided under any State or federal
22 program that the Department of Human Rights determines is
23 specifically designed and operated to assist elderly
24 persons and is solely occupied by persons 55 years of age
25 or older and (ii) whose annual income does not exceed 80%
26 of the area gross median income, adjusted for family size,

1 as such gross income and median income are determined from
2 time to time by the United States Department of Housing and
3 Urban Development. The abatement shall not exceed a period
4 of 15 years, and the aggregate amount of abated taxes for
5 all taxing districts shall not exceed \$3,000,000.

6 (6) Historical society. For assessment years 1998
7 through 2018, the property of an historical society
8 qualifying as an exempt organization under Section
9 501(c)(3) of the federal Internal Revenue Code.

10 (7) Recreational facilities. Any property in the
11 taxing district (i) that is used for a municipal airport,
12 (ii) that is subject to a leasehold assessment under
13 Section 9-195 of this Code and (iii) which is sublet from a
14 park district that is leasing the property from a
15 municipality, but only if the property is used exclusively
16 for recreational facilities or for parking lots used
17 exclusively for those facilities. The abatement shall not
18 exceed a period of 10 years.

19 (8) Relocated corporate headquarters. If approval
20 occurs within 5 years after the effective date of this
21 amendatory Act of the 92nd General Assembly, any property
22 or a portion of any property in a taxing district that is
23 used by an eligible business for a corporate headquarters
24 as defined in the Corporate Headquarters Relocation Act.
25 Instead of an abatement under this paragraph (8), a taxing
26 district may enter into an agreement with an eligible

1 business to make annual payments to that eligible business
2 in an amount not to exceed the property taxes paid directly
3 or indirectly by that eligible business to the taxing
4 district and any other taxing districts for premises
5 occupied pursuant to a written lease and may make those
6 payments without the need for an annual appropriation. No
7 school district, however, may enter into an agreement with,
8 or abate taxes for, an eligible business unless the
9 municipality in which the corporate headquarters is
10 located agrees to provide funding to the school district in
11 an amount equal to the amount abated or paid by the school
12 district as provided in this paragraph (8). Any abatement
13 ordered or agreement entered into under this paragraph (8)
14 may be effective for the entire term specified by the
15 taxing district, except the term of the abatement or annual
16 payments may not exceed 20 years.

17 (9) United States Military Public/Private Residential
18 Developments. Each building, structure, or other
19 improvement designed, financed, constructed, renovated,
20 managed, operated, or maintained after January 1, 2006
21 under a "PPV Lease", as set forth under Division 14 of
22 Article 10, and any such PPV Lease.

23 (10) Property located in a business corridor that
24 qualifies for an abatement under Section 18-184.10.

25 (b) Upon a majority vote of its governing authority, any
26 municipality may, after the determination of the assessed

1 valuation of its property, order the county clerk to abate any
2 portion of its taxes on any property that is located within the
3 corporate limits of the municipality in accordance with Section
4 8-3-18 of the Illinois Municipal Code.

5 (Source: P.A. 96-1136, eff. 7-21-10; 97-577, eff. 1-1-12;
6 97-636, eff. 6-1-12.)

7 Section 99. Effective date. This Act takes effect upon
8 becoming law.