

1 AMENDMENT TO HOUSE BILL 63

2 AMENDMENT NO. _____. Amend House Bill 63, AS AMENDED, by
3 replacing the title with the following:

4 "AN ACT in relation to natural resources."; and

5 by replacing everything after the enacting clause with the
6 following:

7 "ARTICLE 5

8 Section 5-1. Short title. This Article may be cited as
9 the Clean Air and Development Law, and references in this
10 Article to "this Act" mean this Article.

11 Section 5-5. Definitions. For the purposes of this Act:

12 "Board" means the Clean Air and Development Board.

13 "Department" means the Department of Commerce and
14 Community Affairs.

15 "Fund" means the Clean Air and Development Fund.

16 "Generating unit" means any fossil fuel-fired electric
17 generating plant subject to the provisions of Subpart W of
18 Section 217 of Title 35 of the Illinois Administrative Code.

19 "Project" means any proposal submitted to the Board in
20 response to a request for project proposals that includes a

1 technology that will enhance the use of Illinois coal in
2 Illinois while enhancing environmental protection. "Project"
3 may include the cost of transmission facilities needed to
4 transmit the electricity generated from a site using such
5 technology or the costs of coal handling. These technologies
6 include but are not limited to, flue gas desulfurization (or
7 "scrubbing"), limestone injection multistage burners,
8 selective catalytic reduction, selective non-catalytic
9 reduction, coal re-burning, staged combustion (or "overfire
10 air"), low-NOx burners, ammonia reagent injection systems,
11 repowering, fluidized-bed combustion, integrated gasification
12 combined cycle, coal liquefaction, and coal gasification.

13 "Qualified personnel" means employees who install,
14 operate, and maintain generation, transmission, or
15 distribution facilities within the State and have the
16 requisite knowledge, skills, and competence to perform those
17 functions in a safe and responsible manner in order to
18 provide safe and reliable service.

19 Section 5-7. Findings. The General Assembly finds and
20 declares that:

21 (1) fossil fuel-fired electric generating plants
22 are a significant source of air emissions in this State
23 and have become the subject of a number of important new
24 studies of their effects on the public health;

25 (2) existing state and federal policies, that allow
26 older plants that meet federal standards to operate
27 without meeting the more stringent requirements
28 applicable to new plants, are being questioned on the
29 basis of their environmental impacts and the economic
30 distortions such policies cause in a deregulated energy
31 market;

32 (3) fossil fuel-fired electric generating plants
33 are, or may be, affected by a number of regulatory

1 programs, some of which are under review or development
2 on the state and national levels, and to a certain extent
3 the international level, including the federal acid rain
4 program, ozone, mercury and other hazardous pollutant
5 control requirements, regional haze, and global warming;

6 (4) scientific uncertainty regarding the formation
7 of certain components of regional haze and the air
8 quality modeling that predict impacts of control measures
9 requires careful consideration of the timing of the
10 control of some of the pollutants from these facilities,
11 particularly sulfur dioxides and nitrogen oxides that
12 each interact with ammonia and other substances in the
13 atmosphere;

14 (5) the development of energy policies to promote a
15 safe, sufficient, reliable, and affordable energy supply
16 on the state and national levels is being affected by the
17 on-going deregulation of the power generation industry
18 and the evolving energy markets;

19 (6) the Governor's formation of an Energy Cabinet
20 and the development of a State energy policy calls for
21 actions by the Environmental Protection Agency and the
22 Illinois Pollution Control Board that are in harmony with
23 the energy needs and policy of the State, while
24 protecting the public health and the environment;

25 (7) Illinois coal is an abundant resource and an
26 important component of Illinois' economy whose use should
27 be encouraged to the greatest extent possible consistent
28 with protecting the public health and the environment;

29 (8) renewable forms of energy should be promoted as
30 an important element of the energy and environmental
31 policies of the State and that it is a goal of the State
32 that at least 5% of the State's energy production and use
33 be derived from renewable forms of energy by 2010 and at
34 least 15% from renewable forms of energy by 2020;

1 (9) efforts on the state and federal levels are
2 underway to consider the multiple environmental
3 regulations affecting electric generating plants in order
4 to improve the ability of government and the affected
5 industry to engage in effective planning through the use
6 of multi-pollutant strategies; and

7 (10) these issues, taken together, call for a
8 comprehensive review of the impact of these facilities on
9 the public health, considering also the energy supply,
10 reliability, and costs, the role of renewable forms of
11 energy, and the developments in federal law and
12 regulations that may affect any state actions, prior to
13 making final decisions in Illinois.

14 Section 5-10. Clean Air and Development Board.

15 (a) The Clean Air and Development Board is established
16 as an advisory board to the Department. The Board shall be
17 composed of the following 15 voting members and one
18 non-voting member: one member of the General Assembly
19 appointed by the Speaker of the House of Representatives, one
20 member of the General Assembly appointed by the Minority
21 Leader of the House of Representatives; one member of the
22 General Assembly appointed by the President of the Senate,
23 one member of the General Assembly appointed by the Minority
24 Leader of the Senate; one member appointed by the Governor;
25 one member selected by the International Brotherhood of
26 Electrical Workers; one member selected by the United Mine
27 Workers; 3 members selected by the Illinois Coal Association;
28 3 members selected by the Illinois Environmental Council; one
29 member selected by the Sierra Club; one member selected by
30 the American Lung Association; and one non-voting member
31 selected by the Illinois Energy Association. The Governor
32 shall select one of the 15 Board members to serve as Chair
33 pending the first election of officers by Board members.

1 The member appointed by the Governor shall serve for a
2 term of 4 years, unless otherwise provided in this
3 subsection. The initial term of the original appointee shall
4 expire on January 15, 2005. The term of the member appointed
5 by the Governor to fill a vacancy created on January 15,
6 2005, shall expire on January 15, 2009. The term of the
7 member appointed by the Governor to fill a vacancy created on
8 January 15, 2009, shall expire on January 15, 2013 or January
9 15, 2017, as determined by the Governor.

10 A member appointed by a legislative leader shall serve a
11 term of 5 years, unless otherwise provided in this
12 subsection. The initial term of a member appointed by a
13 legislative leader shall expire on January 15, 2006. The
14 term of a member appointed by a legislative leader to fill a
15 vacancy created on January 15, 2006, shall expire on January
16 15, 2011 or January 15, 2017, as determined by the
17 legislative leader.

18 The members chosen by the International Brotherhood of
19 Electrical Workers, United Mine Workers, Illinois Coal
20 Association, Illinois Environmental Council, Sierra Club,
21 American Lung Association, and Illinois Energy Association
22 shall serve for terms of 6 years. The initial terms of
23 original appointees shall expire on January 15, 2007. The
24 term of a member chosen by the International Brotherhood of
25 Electrical Workers, United Mine Workers, Illinois Coal
26 Association, Illinois Environmental Council, Sierra Club,
27 American Lung Association, or Illinois Energy Association to
28 fill a vacancy created on January 15, 2007 shall expire as
29 follows: 5 on January 15, 2013 and 6 on January 15, 2017, as
30 determined by lot.

31 Board members shall not receive compensation. All Board
32 members shall be entitled to reimbursement for reasonable
33 expenses incurred in the performance of their duties as Board
34 members.

1 The Board shall meet at least annually or at the call of
2 the Chair for a meeting of the Board. At any time, a
3 majority of the Board may petition the Chair for a meeting of
4 the Board. A quorum shall be defined as a majority of those
5 voting members appointed to the Board.

6 (b) The Board shall provide advice and make
7 recommendations on the following Department powers and
8 duties:

9 (1) To develop a program to increase the
10 utilization of Illinois coal.

11 (2) To approve projects and funding, if the owner
12 of the generating unit receiving the funding agrees to:

13 (A) burn Illinois coal to generate
14 electricity,

15 (B) employ qualified personnel to install,
16 operate, and maintain generation, transmission, or
17 distribution facilities within the State, and

18 (C) reduce its emissions of sulfur dioxide or
19 nitrogen oxides or both as described in subdivisions
20 (c)(3) and (c)(4) of Section 5-15 of this Act.

21 (3) To cooperate to the fullest extent possible
22 with State and federal agencies and departments,
23 independent organizations, and other interested groups,
24 public and private, for the purposes of promoting
25 Illinois coal resources.

26 (4) To submit an annual report to the Governor and
27 the General Assembly outlining the progress and
28 accomplishments made in the year, providing an annual
29 accounting of funds received and disbursed, and reviewing
30 the status of the program.

31 (5) To adopt, amend, and repeal rules, regulations,
32 and bylaws governing the Board's organization and conduct
33 of business.

34 (6) To recommend the authorization of the

1 expenditure of moneys for coal mining and coal
2 development projects from the Clean Air and Development
3 Fund. The expenditures shall be used to fund a
4 recommended amount of up to 50% of the costs of a
5 proposed project. However, the Board may exceed this
6 amount if the merits of the project are determined by the
7 Board to warrant additional funding and the project is
8 approved by a two-thirds vote of a quorum. All other
9 projects shall be approved by vote of a simple majority
10 of a quorum. The Board may use grants, loans, or any
11 other financial mechanism or any combination thereof to
12 fund such proposed projects consistent with this Act.

13 (7) To develop strategies and to propose policies
14 to promote environmentally responsible uses of Illinois
15 coal for meeting electric power supply requirements and
16 for other purposes.

17 (8) To develop and propose strategies to the
18 Illinois Environmental Protection Agency for inclusion in
19 the State implementation plan for nitrogen oxide that
20 would allow the transfer of ozone season nitrogen oxide
21 credits from the transportation and area source sectors
22 of the Illinois SIP Call NOx budget to the electric
23 generating unit sector for the purpose of offsetting any
24 nitrogen oxide emission increases associated with a
25 funded project.

26 (9) The Board may consider using stockpiled
27 emission credits or the value of those credits as a
28 factor in considering proposed projects.

29 (10) Projects on which construction had not yet
30 commenced prior to January 1, 2001, and that otherwise
31 qualify, shall be eligible for funding assistance under
32 this Act.

33 Section 5-15. Board evaluation and recommendations

1 concerning project proposals.

2 (a) The Board shall evaluate project proposals based on
3 the following primary criteria:

4 (1) Incremental increase or retention in tons of
5 Illinois coal that would be used over the proposed term
6 of the proposed project.

7 (2) Incremental tons of sulfur dioxide that would
8 be reduced over the proposed term of the proposed
9 project.

10 (3) Amount of funding required from the Fund.

11 (b) The primary criteria shall be used by the Board to
12 prioritize the proposed projects. Both the incremental
13 increase or retention in Illinois coal use and the
14 incremental reduction of sulfur dioxide emissions over the
15 term of the proposed project shall be divided by requested
16 funding amount. The Board shall use the resultant values to
17 rank the proposals.

18 (1) Projects shall be initially ranked, from
19 highest to lowest, based on their ratio of incremental
20 increase or retention of Illinois coal use per million
21 dollars expended from the Fund and the ratio of
22 incremental tons of sulfur dioxide reduction per million
23 dollars expended from the Fund.

24 (2) The ratios of both the incremental increase or
25 retention of Illinois coal use and incremental tons of
26 sulfur dioxide reduced per million dollars expended from
27 the Fund shall be used in a bi-axial matrix. The matrix
28 shall be divided into at least 16 linearly proportional
29 quadrants. Those projects that are plotted in the
30 quadrants farthest from the origin of the matrix will
31 receive the highest overall rankings.

32 (c) The Board shall consider secondary criteria prior to
33 making its recommendations to the Department. These
34 secondary criteria shall be used to amend the overall project

1 rankings. The secondary criteria may include the following:

2 (1) The incremental tons of nitrogen oxides that
3 will be reduced over the proposed term of the project.

4 (2) The incremental tons of nitrogen oxides to be
5 reduced over the proposed term of the project divided by
6 the requested funding from the Fund.

7 (3) Whether the proposed project will result in
8 that unit's annual average sulfur dioxide emission rate
9 being below the proposing company's most recent annual
10 average sulfur dioxide emission rate of its coal-fired
11 units as reported in the United States Environmental
12 Protection Agency's acid rain emissions database.

13 (4) Whether the proposed project will result in
14 that unit's annual average nitrogen oxide emission rate
15 being below the proposing company's most recent annual
16 average nitrogen oxide emission rate for similar type
17 coal-fired boilers (i.e. tangential boiler, wall-fired
18 boiler, or cyclone boiler) as reported in the United
19 States Environmental Protection Agency's acid rain
20 emissions database.

21 (5) The technical feasibility of the proposed
22 project.

23 (d) The Board shall provide its overall project rankings
24 to the Department within 6 months after it issues a request
25 for project proposals. Requests for proposed projects shall
26 be issued by the Board a minimum of twice per year.

27 Section 5-20. Department consideration of Board
28 recommendations; notice to Board in cases of disagreement.

29 (a) The Department shall consider the Board's
30 recommendations in making its decision to distribute the
31 grant moneys provided for in this Act. The Department shall
32 make its decision to distribute the grant moneys for the
33 project within 6 months after the board's written

1 recommendation.

2 (b) If the Department decides to deviate from any of the
3 Board's recommendations, then the Department shall give the
4 Board written notice and a copy of this decision, with an
5 explanation of the reasons causing the deviation from the
6 Board's recommendations, within 15 days after issuance of the
7 Department decision. Forty-five days from the issuance of
8 the Department decision, a public hearing shall be convened
9 at which the Director of the Department or his or her
10 designee shall appear and testify before the Board to explain
11 the Department's decision to deviate from the Board's
12 recommendations. The Department shall not proceed with a
13 distribution of grant funds under this Act until the above
14 notice is provided to the Board and a public hearing is
15 conducted as described in this Section.

16 Section 5-25. Rules. The Department is authorized to
17 promulgate rules to implement the provisions of this Act.

18 Section 5-30. Bonds. The State of Illinois is
19 authorized to issue, sell, and provide for the retirement of
20 general obligation bonds of the State of Illinois in the
21 aggregate principal amount of \$500,000,000, hereinafter
22 called "Bonds", for the purposes consistent with this Act.

23 Section 5-35. Bond proceeds. The proceeds of the bonds
24 shall be deposited into a separate fund known as the Clean
25 Air and Development Fund, which is hereby created.

26 Section 5-40. Expenditure of Funds. At all times, the
27 proceeds from the sale of Bonds are subject to appropriation
28 by the General Assembly and may be expended in such amounts
29 and at such times as the Department may deem necessary or
30 desirable for the purposes of this Act.

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ARTICLE 10

Section 10-1. Short title. This Article may be cited as the Empower Illinois Law, and references in this Article to "this Act" mean this Article.

Section 10-5. Purpose. The purpose of this Act is to use abundant coal reserves to turn Southern Illinois into the State's "power plant", providing power for Chicago and its suburbs, and reducing the need for peaker plants. Implementation of this Act will provide good paying jobs in mining, construction, power generation, and trucking for thousands of Southern Illinois residents. At the same time, implementation of this Act will secure Illinois' power base and enhance economic development efforts in Illinois for generations to come.

Section 10-10. Empower Illinois Commission. There is created the Empower Illinois Commission to study the problems related to reliable energy production in Illinois. The Commission shall be appointed by the Governor and shall consist of all members of the Governor's Energy Cabinet. The members of the Commission shall serve without compensation but shall be reimbursed for their reasonable and necessary expenses. The Commission shall consider the most effective way to use Illinois coal to resolve the energy issues facing the State. The Commission shall issue a report containing its recommendations to the Governor and the General Assembly on or before January 30, 2002.

Section 10-15. Single point of review process. The Department of Natural Resources shall develop, in its Division of Mines and Minerals, a single point of review process for entities interested in building mine-mouth power

1 plants and related power transmission lines. The single
2 point of review process must coordinate reviews by all
3 involved State agencies and federal agencies. The Department
4 of Natural Resources must make the arrangements necessary for
5 prospective applicants to obtain all approvals necessary to
6 build a mine-mouth power plant and related power transmission
7 lines through the Department's single point of review
8 process.

9 ARTICLE 15

10 Section 15-905. The Department of Commerce and Community
11 Affairs Law of the Civil Administrative Code of Illinois is
12 amended by adding Section 605-331 as follows:

13 (20 ILCS 605/605-331 new)

14 Sec. 605-331. Mine-mouth power plants and related power
15 transmission lines; definitions. For purposes of this
16 Section, "mine-mouth power plant" means a coal-fired power
17 plant sited adjacent to a coal mine. The Department, by
18 rule, must establish the standards that must be met to
19 qualify as a related power transmission line for purposes of
20 the Clean Air and Development Law, the Empower Illinois Law,
21 and the amendatory provisions of this Act of the 92nd General
22 Assembly.

23 Section 15-910. The Illinois Enterprise Zone Act is
24 amended by changing Section 5.3 as follows:

25 (20 ILCS 655/5.3) (from Ch. 67 1/2, par. 608)

26 Sec. 5.3. Certification of Enterprise Zones; Effective
27 date.

28 (a) Approval of designated Enterprise Zones shall be
29 made by the Department by certification of the designating

1 ordinance. The Department shall promptly issue a certificate
2 for each Enterprise Zone upon its approval. The certificate
3 shall be signed by the Director of the Department, shall make
4 specific reference to the designating ordinance, which shall
5 be attached thereto, and shall be filed in the office of the
6 Secretary of State. A certified copy of the Enterprise Zone
7 Certificate, or a duplicate original thereof, shall be
8 recorded in the office of recorder of deeds of the county in
9 which the Enterprise Zone lies.

10 (b) An Enterprise Zone shall be effective upon its
11 certification. The Department shall transmit a copy of the
12 certification to the Department of Revenue, and to the
13 designating municipality or county.

14 Upon certification of an Enterprise Zone, the terms and
15 provisions of the designating ordinance shall be in effect,
16 and may not be amended or repealed except in accordance with
17 Section 5.4.

18 (c) An Enterprise Zone shall be in effect for 30
19 calendar years, or for a lesser number of years specified in
20 the certified designating ordinance. Enterprise Zones shall
21 terminate at midnight of December 31 of the final calendar
22 year of the certified term, except as provided in Section
23 5.4. ~~In Vermilion County, however, an enterprise zone shall~~
24 ~~be in effect for 30 calendar years or for a lesser number of~~
25 ~~years specified in the certified designating ordinance.~~ The
26 Whiteside County/Carroll County Enterprise Zone, however,
27 solely with respect to industrial purposes and uses, shall be
28 in effect for 30 calendar years or for a lesser number of
29 years specified in the certified designating ordinance.

30 (d) No more than 12 Enterprise Zones may be certified by
31 the Department in calendar year 1984, no more than 12
32 Enterprise Zones may be certified by the Department in
33 calendar year 1985, no more than 13 Enterprise Zones may be
34 certified by the Department in calendar year 1986, no more

1 than 15 Enterprise Zones may be certified by the Department
2 in calendar year 1987, and no more than 20 Enterprise Zones
3 may be certified by the Department in calendar year 1990. In
4 other calendar years, no more than 13 Enterprise Zones may be
5 certified by the Department. The Department may also
6 designate up to 8 additional Enterprise Zones outside the
7 regular application cycle if warranted by the extreme
8 economic circumstances as determined by the Department. The
9 Department may also designate one additional Enterprise Zone
10 outside the regular application cycle if an aircraft
11 manufacturer agrees to locate an aircraft manufacturing
12 facility in the proposed Enterprise Zone. The Department may
13 also designate 12 additional Enterprise Zones outside the
14 regular application cycle for the construction of mine-mouth
15 power plants (coal-fired power plants sited adjacent to coal
16 mines). The Department shall establish by rule the criteria
17 for eligibility for certification of the 12 additional
18 Enterprise Zones authorized by this amendatory Act of the
19 92nd General Assembly. Notwithstanding any other provision of
20 this Act, no more than 89 Enterprise Zones may be certified
21 by the Department for the 10 calendar years commencing with
22 1983. The 7 additional Enterprise Zones authorized by Public
23 Act 86-15 shall not lie within municipalities or
24 unincorporated areas of counties that abut or are contiguous
25 to Enterprise Zones certified pursuant to this Section prior
26 to June 30, 1989. The 7 additional Enterprise Zones
27 (excluding the additional Enterprise Zone which may be
28 designated outside the regular application cycle) authorized
29 by Public Act 86-1030 shall not lie within municipalities or
30 unincorporated areas of counties that abut or are contiguous
31 to Enterprise Zones certified pursuant to this Section prior
32 to February 28, 1990. In any calendar year, the Department
33 may not certify more than 3 Zones located within the same
34 municipality. The Department may certify Enterprise Zones in

1 each of the 10 calendar years commencing with 1983. The
 2 Department may not certify more than a total of 18 Enterprise
 3 Zones located within the same county (whether within
 4 municipalities or within unincorporated territory) for the 10
 5 calendar years commencing with 1983. Thereafter, the
 6 Department may not certify any additional Enterprise Zones,
 7 but may amend and rescind certifications of existing
 8 Enterprise Zones in accordance with Section 5.4.

9 (e) Notwithstanding any other provision of law, if (i)
 10 the county board of any county in which a current military
 11 base is located, in part or in whole, or in which a military
 12 base that has been closed within 20 years of the effective
 13 date of this amendatory Act of 1998 is located, in part or in
 14 whole, adopts a designating ordinance in accordance with
 15 Section 5 of this Act to designate the military base in that
 16 county as an enterprise zone and (ii) the property otherwise
 17 meets the qualifications for an enterprise zone as prescribed
 18 in Section 4 of this Act, then the Department may certify the
 19 designating ordinance or ordinances, as the case may be.

20 (Source: P.A. 90-657, eff. 7-30-98; 91-567, eff. 8-14-99;
 21 91-937, eff. 1-11-01; revised 1-15-01.)

22 Section 15-915. The Renewable Energy, Energy Efficiency,
 23 and Coal Resources Development Law of 1997 is amended by
 24 changing Section 6-3 as follows:

25 (20 ILCS 687/6-3)
 26 (Section scheduled to be repealed on December 16, 2007)
 27 Sec. 6-3. Renewable energy resources program.

28 (a) The Department of Commerce and Community Affairs, to
 29 be called the "Department" hereinafter in this Law, shall
 30 administer the Renewable Energy Resources Program to provide
 31 grants, loans, and other incentives to foster investment in
 32 and the development and use of renewable energy resources.

1 (b) The Department shall establish eligibility criteria
2 for grants, loans, and other incentives to foster investment
3 in and the development and use of renewable energy resources.
4 These criteria shall be reviewed annually and adjusted as
5 necessary. The criteria should promote the goal of fostering
6 investment in and the development and use, in Illinois, of
7 renewable energy resources.

8 (c) The Department shall accept applications for grants,
9 loans, and other incentives to foster investment in and the
10 development and use of renewable energy resources.

11 (d) To the extent that funds are available and
12 appropriated, the Department shall provide grants, loans, and
13 other incentives to applicants that meet the criteria
14 specified by the Department.

15 (e) The Department shall conduct an annual study on the
16 use and availability of renewable energy resources in
17 Illinois. Each year, the Department shall submit a report on
18 the study to the General Assembly. This report shall include
19 suggestions for legislation which will encourage the
20 development and use of renewable energy resources.

21 (f) As used in this Law, "renewable energy resources"
22 includes energy from wind, solar thermal energy, photovoltaic
23 cells and panels, dedicated crops grown for energy production
24 and organic waste biomass, hydropower that does not involve
25 new construction or significant expansion of hydropower dams,
26 and other such alternative sources of environmentally
27 preferable energy. "Renewable energy resources" does not
28 include, however, energy from the incineration, burning or
29 heating of waste wood, tires, garbage, general household,
30 institutional and commercial waste, industrial lunchroom or
31 office waste, landscape waste, or construction or demolition
32 debris.

33 (g) The Department shall establish a pilot project to
34 fund a biomass-to-fuels research facility in Illinois that

1 uses agricultural feedstocks and advances technologies to
 2 develop a new environmentally friendly and sustainable
 3 industry. The Clean Air and Development Board, created under
 4 the Clean Air and Development Law, shall recommend to the
 5 Department a site for the facility.

6 (h) There is created the Energy Efficiency Investment
 7 Fund as a special fund in the State Treasury, to be
 8 administered by the Department to support the development of
 9 technologies for wind, biomass, and solar power in Illinois.
 10 The Clean Air and Development Board, created under the Clean
 11 Air and Development Law, shall recommend projects to the
 12 Department for funding. The Department may accept private
 13 and public funds, including federal funds, for deposit into
 14 the Fund.

15 (Source: P.A. 90-561, eff. 12-16-97.)

16 Section 15-920. The Illinois Coal and Energy Development
 17 Bond Act is amended by changing Section 6 as follows:

18 (20 ILCS 1110/6) (from Ch. 96 1/2, par. 4106)

19 Sec. 6. The Department of Commerce and Community Affairs
 20 is authorized to use \$120,000,000 for the purposes specified
 21 in this Act. ~~These funds shall be expended only for a grant~~
 22 ~~to the owner of a generating station located in Illinois and~~
 23 ~~having at least three coal-fired generating units with~~
 24 ~~accredited summer capacity greater than 500 megawatts each at~~
 25 ~~such generating station as specifically authorized by this~~
 26 ~~paragraph.~~ Notwithstanding any of the other provisions of
 27 this Act, in considering the approval of projects to be
 28 funded under this Act, the Department of Commerce and
 29 Community Affairs shall give special consideration to
 30 projects which are designed to remove sulfur and other
 31 pollutants in the preparation and utilization of coal, and in
 32 the use and operation of electric utility generating plants

1 and industrial facilities which utilize Illinois coal as
 2 their primary source of fuel. The-Department-of-Commerce-and
 3 Community--Affairs--is-directed-to-enter-into-a-contract-with
 4 the-owner-of-a-generating-station--located--in--Illinois--and
 5 having--at--least--three--coal-fired--generating--units--with
 6 accredited--summer-capability-greater-than-500-megawatts-each
 7 at-such-generating-station-for-a-grant-of-\$35,000,000--to--be
 8 made-by-the-State-of-Illinois-to-such-owner-to-be-used-to-pay
 9 costs--of--designing, acquiring, constructing, installing and
 10 testing-facilities-to-reduce-sulfur-dioxide-emissions-at--one
 11 such--generating--unit--to--allow--that--unit--to--meet--the
 12 requirements-of-the-Federal-Clean-Air-Act-Amendments-of--1990
 13 (P.L.-101-549)-while-continuing-to-use-coal-mined-in-Illinois
 14 as-its-source-of-fuel.

15 (Source: P.A. 91-583, eff. 1-1-00.)

16 Section 15-925. The Illinois Development Finance
 17 Authority Act is amended by changing Section 7 and adding
 18 Sections 7.90, 7.91, 7.92, 7.93, 7.94, 7.95, 7.96, 7.97,
 19 7.98, and 7.99 as follows:

20 (20 ILCS 3505/7) (from Ch. 48, par. 850.07)

21 Sec. 7. In addition to the powers otherwise authorized
 22 by law and in addition to the foregoing general corporate
 23 powers, the Authority shall also have the following
 24 additional specific powers to be exercised in furtherance of
 25 the purposes of this Act.

26 (a) The Authority shall have power (i) to accept grants,
 27 loans or appropriations from the Federal government or the
 28 State, or any agency or instrumentality thereof, to be used
 29 for the operating expenses of the Authority, or for any
 30 purposes of the Authority, including the making of direct
 31 loans of such funds with respect to projects, and (ii) to
 32 enter into any agreement with the Federal government or the

1 State, or any agency or instrumentality thereof, in
2 relationship to such grants, loans or appropriations.

3 (b) The Authority shall have power to procure and enter
4 into contracts for any type of insurance and indemnity
5 agreements covering loss or damage to property from any
6 cause, including loss of use and occupancy, or covering any
7 other insurable risk.

8 (c) The Authority shall have the continuing power to
9 issue bonds for its corporate purposes including, but not
10 limited to, (i) the purpose of developing, constructing,
11 acquiring, improving or financing projects, including
12 industrial projects established by business entities locating
13 or expanding property in an Enterprise Zone created under the
14 provisions of the Illinois Enterprise Zone Act, (ii) the
15 purpose of acquiring qualified securities in an enterprise as
16 defined in this Act and entering into venture capital
17 agreements with businesses locating or expanding within an
18 Enterprise Zone, and acquiring and improving any property
19 necessary and useful in connection therewith, (iii) the
20 purposes of the Employee Ownership Assistance Act, (iv) the
21 purpose of acquiring bonds issued by units of local
22 government as provided in Sections 7.50 through 7.61 of this
23 Act, (v) for financing the costs of the production of motion
24 pictures, and (vi) with the written approval of the Governor,
25 the purpose of implementation of a financially distressed
26 city assistance program under Sections 7.80 through 7.87 of
27 this Act, and (vii) for the purpose of the implementation of
28 the loan program under Sections 7.90 through 7.99 of this
29 Act. Bonds may be issued by the Authority in one or more
30 series and may provide for the payment of any interest deemed
31 necessary on such bonds, of the costs of issuance of such
32 bonds, of any premium on any insurance, or of the cost of any
33 guarantees, letters of credit or other similar documents, may
34 provide for the funding of any reserves deemed necessary in

1 connection with such bonds, and may provide for the refunding
2 or advance refunding of any bonds or for accounts deemed
3 necessary in connection with any purpose of the Authority.
4 The bonds may bear interest payable at any time or times and
5 at any rate or rates, notwithstanding any other provision of
6 law to the contrary, and such rate or rates may be
7 established by an index or formula which may be implemented
8 or established by persons appointed or retained therefor by
9 the Authority, or may bear no interest or may bear interest
10 payable at maturity or upon redemption prior to maturity, may
11 bear such date or dates, may be payable at such time or times
12 and at such place or places, may mature at any time or times
13 not later than 40 years from the date of issuance, may be
14 sold at public or private sale at such time or times and at
15 such price or prices, may be secured by such pledges,
16 reserves, guarantees, letters of credit, insurance contracts
17 or other similar credit support or liquidity instruments, may
18 be executed in such manner, may be subject to redemption
19 prior to maturity, may provide for the registration of the
20 bonds, and may be subject to such other terms and conditions
21 all as may be provided by the resolution or indenture
22 authorizing the issuance of such bonds. The holder or
23 holders of any bonds issued by the Authority may bring suits
24 at law or proceedings in equity to compel the performance and
25 observance by any person or by the Authority or any of its
26 agents or employees of any contract or covenant made with the
27 holders of such bonds and to compel such person or the
28 Authority and any of its agents or employees to perform any
29 duties required to be performed for the benefit of the
30 holders of any such bonds by the provision of the resolution
31 authorizing their issuance, and to enjoin such person or the
32 Authority and any of its agents or employees from taking any
33 action in conflict with any such contract or covenant.

34 Notwithstanding the form and tenor of any such bonds and

1 in the absence of any express recital on the face thereof
2 that it is non-negotiable, all such bonds shall be negotiable
3 instruments. Pending the preparation and execution of any
4 such bonds, temporary bonds may be issued as provided by the
5 resolution.

6 The bonds shall be sold by the Authority in such manner
7 as it shall determine.

8 The bonds may be secured as provided in the authorizing
9 resolution by the receipts, revenues, income and other
10 available funds of the Authority by any amounts derived by
11 the Authority from the loan agreement or lease agreement with
12 respect to the project or projects. The Authority may grant
13 a specific pledge or assignment of and lien on or security
14 interest in such rights, revenues, income, or amounts and may
15 grant a specific pledge or assignment of and lien on or
16 security interest in any reserves, funds or accounts
17 established in the resolution authorizing the issuance of
18 bonds. Any such pledge, assignment, lien or security
19 interest for the benefit of the holders of the Authority's
20 bonds shall be valid and binding from the time the bonds are
21 issued without any physical delivery or further act, and
22 shall be valid and binding as against and prior to the claims
23 of all other parties having claims against the Authority or
24 any other person irrespective of whether the other parties
25 have notice of the pledge, assignment, lien or security
26 interest. As evidence of such pledge, assignment, lien and
27 security interest, the Authority may execute and deliver a
28 mortgage, trust agreement, indenture or security agreement or
29 an assignment thereof.

30 A remedy for any breach or default of the terms of any
31 such agreement by the Authority may be by mandamus
32 proceedings in any court of competent jurisdiction to compel
33 the performance and compliance therewith, but the agreement
34 may prescribe by whom or on whose behalf such action may be

1 instituted.

2 It is expressly understood that the Authority may, but
3 need not, acquire title to any project with respect to which
4 it exercises its authority.

5 (d) With respect to the powers granted by this Act, the
6 Authority may adopt rules and regulations prescribing the
7 procedures by which persons may apply for assistance under
8 this Act.

9 Nothing herein shall be deemed to preclude the Authority,
10 prior to the filing of any formal application, from
11 conducting preliminary discussions and investigations with
12 respect to the subject matter of any prospective application.

13 (e) The Authority shall have power to acquire by
14 purchase, lease, gift or otherwise any property or rights
15 therein from any person useful for its purposes, whether
16 improved for the purposes of any prospective project, or
17 unimproved. The Authority may also accept any donation of
18 funds for its purposes from any such source. The Authority
19 shall have no independent power of condemnation but may
20 acquire any property or rights therein obtained upon
21 condemnation by any other authority, governmental entity or
22 unit of local government with such power.

23 (f) The Authority shall have power to develop, construct
24 and improve either under its own direction, or through
25 collaboration with any approved applicant, or to acquire
26 through purchase or otherwise, any project, using for such
27 purpose the proceeds derived from the sale of its bonds or
28 from governmental loans or grants, and to hold title in the
29 name of the Authority to such projects.

30 (g) The Authority shall have power to lease pursuant to
31 a lease agreement any project so developed and constructed or
32 acquired to the approved tenant on such terms and conditions
33 as may be appropriate to further the purposes of this Act and
34 to maintain the credit of the Authority. Any such lease may

1 provide for either the Authority or the approved tenant to
2 assume initially, in whole or in part, the costs of
3 maintenance, repair and improvements during the leasehold
4 period. In no case, however, shall the total rentals from any
5 project during any initial leasehold period or the total loan
6 repayments to be made pursuant to any loan agreement, be less
7 than an amount necessary to return over such lease or loan
8 period (1) all costs incurred in connection with the
9 development, construction, acquisition or improvement of the
10 project and for repair, maintenance and improvements thereto
11 during the period of the lease or loan; provided, however,
12 that the rentals or loan repayments need not include costs
13 met through the use of funds other than those obtained by the
14 Authority through the issuance of its bonds or governmental
15 loans; (2) a reasonable percentage additive to be agreed upon
16 by the Authority and the borrower or tenant to cover a
17 properly allocable portion of the Authority's general
18 expenses, including, but not limited to, administrative
19 expenses, salaries and general insurance, and (3) an amount
20 sufficient to pay when due all principal of, interest and
21 premium, if any on, any bonds issued by the Authority with
22 respect to the project.

23 The portion of total rentals payable under clause (3) of
24 this subsection (g) shall be deposited in such special
25 accounts, including all sinking fund, acquisition or
26 construction funds, debt service and other funds as provided
27 by any resolution, mortgage or trust agreement of the
28 Authority pursuant to which any bond is issued.

29 (h) The Authority has the power, upon the termination of
30 any leasehold period of any project, to sell or lease for a
31 further term or terms such project on such terms and
32 conditions as the Authority shall deem reasonable and
33 consistent with the purposes of the Act. The net proceeds
34 from all such sales and the revenues or income from such

1 leases shall be used to satisfy any indebtedness of the
2 Authority with respect to such project and any balance may be
3 used to pay any expenses of the Authority or be used for the
4 further development, construction, acquisition or improvement
5 of projects.

6 In the event any project is vacated by a tenant prior to
7 the termination of the initial leasehold period, the
8 Authority shall sell or lease the facilities of the project
9 on the most advantageous terms available. The net proceeds of
10 any such disposition shall be treated in the same manner as
11 the proceeds from sales or the revenues or income from leases
12 subsequent to the termination of any initial leasehold
13 period.

14 (i) The Authority shall have the power to make loans to
15 persons to finance a project, to enter into loan agreements
16 with respect thereto, and to accept guarantees from persons
17 of its loans or the resultant evidences of obligations to the
18 Authority.

19 (j) The Authority may fix, determine, charge and collect
20 any premiums, fees, charges, costs and expenses, including,
21 without limitation, any application fees, commitment fees,
22 program fees, financing charges or publication fees from any
23 person in connection with its activities under this Act.

24 (k) In addition to the funds established as provided
25 herein, the Authority shall have the power to create and
26 establish such reserve funds and accounts as may be necessary
27 or desirable to accomplish its purposes under this Act and to
28 deposit its available monies into the funds and accounts.

29 (l) At the request of the governing body of any unit of
30 local government, the Authority is authorized to market such
31 local government's industrial revenue bond offerings by
32 preparing bond issues for sale, advertising for sealed bids,
33 receiving bids at its offices, making the award to the bidder
34 that offers the most favorable terms or arranging for

1 negotiated placements or underwritings of such securities.
2 The Authority may, at its discretion, offer for concurrent
3 sale the industrial revenue bonds of several local
4 governments. Sales by the Authority of industrial revenue
5 bonds under this Section shall in no way imply State
6 guarantee of such debt issue. The Authority may require such
7 financial information from participating local governments as
8 it deems necessary in order to carry out the purposes of this
9 subsection (l).

10 (m) The Authority may make grants to any county to which
11 Division 5-37 of the Counties Code is applicable to assist in
12 the financing of capital development, construction and
13 renovation of new or existing facilities for hospitals and
14 health care facilities under that Act. Such grants may only
15 be made from funds appropriated for such purposes from the
16 Build Illinois Bond Fund or the Build Illinois Purposes Fund.

17 (n) The Authority may establish an urban development
18 action grant program for the purpose of assisting
19 municipalities in Illinois which are experiencing severe
20 economic distress to help stimulate economic development
21 activities needed to aid in economic recovery. The Authority
22 shall determine the types of activities and projects for
23 which the urban development action grants may be used,
24 provided that such projects and activities are broadly
25 defined to include all reasonable projects and activities the
26 primary objectives of which are the development of viable
27 urban communities, including decent housing and a suitable
28 living environment, and expansion of economic opportunity,
29 principally for persons of low and moderate incomes. The
30 Authority shall enter into grant agreements from monies
31 appropriated for such purposes from the Build Illinois Bond
32 Fund or the Build Illinois Purposes Fund. The Authority shall
33 monitor the use of the grants, and shall provide for audits
34 of the funds as well as recovery by the Authority of any

1 funds determined to have been spent in violation of this
2 subsection (n) or any rule or regulation promulgated
3 hereunder. The Authority shall provide technical assistance
4 with regard to the effective use of the urban development
5 action grants. The Authority shall file an annual report to
6 the General Assembly concerning the progress of the grant
7 program.

8 (o) The Authority may establish a Housing Partnership
9 Program whereby the Authority provides zero-interest loans to
10 municipalities for the purpose of assisting in the financing
11 of projects for the rehabilitation of affordable multi-family
12 housing for low and moderate income residents. The Authority
13 may provide such loans only upon a municipality's providing
14 evidence that it has obtained private funding for the
15 rehabilitation project. The Authority shall provide 3 State
16 dollars for every 7 dollars obtained by the municipality from
17 sources other than the State of Illinois. The loans shall be
18 made from monies appropriated for such purpose from the Build
19 Illinois Bond Fund or the Build Illinois Purposes Fund. The
20 total amount of loans available under the Housing Partnership
21 Program shall not exceed \$30,000,000. State loan monies under
22 this subsection (o) shall be used only for the acquisition
23 and rehabilitation of existing buildings containing 4 or more
24 dwelling units. The terms of any loan made by the
25 municipality under this subsection shall require repayment of
26 the loan to the municipality upon any sale or other transfer
27 of the project.

28 (p) The Authority may award grants to universities and
29 research institutions, research consortiums and other
30 not-for-profit entities for the purposes of: remodeling or
31 otherwise physically altering existing laboratory or research
32 facilities, expansion or physical additions to existing
33 laboratory or research facilities, construction of new
34 laboratory or research facilities or acquisition of modern

1 equipment to support laboratory or research operations
2 provided that such grants (i) be used solely in support of
3 project and equipment acquisitions which enhance technology
4 transfer, and (ii) not constitute more than 60 percent of the
5 total project or acquisition cost.

6 (q) Grants may be awarded by the Authority to units of
7 local government for the purpose of developing the
8 appropriate infrastructure or defraying other costs to the
9 local government in support of laboratory or research
10 facilities provided that such grants may not exceed 40% of
11 the cost to the unit of local government.

12 (r) The Authority may establish a Direct Loan Program to
13 make loans to individuals, partnerships or corporations for
14 the purpose of an industrial project, as defined in Section 3
15 of this Act. For the purposes of such program and not by way
16 of limitation on any other program of the Authority, the
17 Authority shall have the power to issue bonds, notes, or
18 other evidences of indebtedness including commercial paper
19 for purposes of providing a fund of capital from which it may
20 make such loans. The Authority shall have power to use any
21 appropriations from the State made especially for the
22 Authority's Direct Loan Program for additional capital to
23 make such loans or for the purposes of reserve funds or
24 pledged funds which secure the Authority's obligations of
25 repayment of any bond, note or other form of indebtedness
26 established for the purpose of providing capital for which it
27 intends to make such loans under the Direct Loan Program.
28 For the purpose of obtaining such capital, the Authority may
29 also enter into agreements with financial institutions and
30 other persons for the purpose of selling loans and developing
31 a secondary market for such loans.

32 Loans made under the Direct Loan Program may be in an
33 amount not to exceed \$300,000 and shall be made for a portion
34 of an industrial project which does not exceed 50% of the

1 total project. No loan may be made by the Authority unless
2 approved by the affirmative vote of at least 8 members of the
3 board. The Authority shall establish procedures and publish
4 rules which shall provide for the submission, review, and
5 analysis of each direct loan application and which shall
6 preserve the ability of each board member to reach an
7 individual business judgment regarding the propriety of
8 making each direct loan. The collective discretion of the
9 board to approve or disapprove each loan shall be
10 unencumbered.

11 The Authority may establish and collect such fees and
12 charges, determine and enforce such terms and conditions, and
13 charge such interest rates as it determines to be necessary
14 and appropriate to the successful administration of the
15 Direct Loan Program. The Authority may require such
16 interests in collateral and such guarantees as it determines
17 are necessary to protect the Authority's interest in the
18 repayment of the principal and interest of each loan made
19 under the Direct Loan Program.

20 (s) The Authority may guarantee private loans to third
21 parties up to a specified dollar amount in order to promote
22 economic development in this State.

23 (t) The Authority may adopt rules and regulations as may
24 be necessary or advisable to implement the powers conferred
25 by this Act.

26 (u) In addition to any other bonds authorized by this
27 Act, the Authority shall have the power to issue up to
28 \$20,000,000 in bonds, notes or other evidences of
29 indebtedness, which may be used to make loans to units of
30 local government which are authorized to enter into loan
31 agreements and other documents and to issue bonds, notes and
32 other evidences of indebtedness for the purpose of financing
33 the protection of storm sewer outfalls, the construction of
34 adequate storm sewer outfalls, and the provision for flood

1 protection of sanitary sewage treatment plants, in counties
2 that have established a stormwater management planning
3 committee in accordance with Section 5-1062 of the Counties
4 Code. Any such loan shall be made by the Authority pursuant
5 to the provisions of Sections 7.50 to 7.61 of this Act. The
6 unit of local government shall pay back to the Authority the
7 principal amount of the loan, plus annual interest as
8 determined by the Authority. The Authority shall have the
9 power, subject to appropriations by the General Assembly, to
10 subsidize or buy down a portion of the interest on such
11 loans, up to 4% per annum.

12 (v) The Authority may accept security interests as
13 provided in Sections 11-3 and 11-3.3 of the Illinois Public
14 Aid Code.

15 (w) The Authority may enter into agreements or
16 arrangements with Federal or State agencies to carry out the
17 purposes of this Act.

18 (x) The Authority may use any funds in its possession
19 remaining unexpended from the funds appropriated to the
20 Authority under Section 93 of Public Act 84-1108 as follows:

21 (1) to make a \$1,000,000 ten-year, no-interest loan to the
22 Illinois Facilities Fund to assist in the development of
23 low-interest loans to nonprofit organizations; and (2) if and
24 only if the loan described in item (1) has been made, for any
25 of its general corporate purposes.

26 (Source: P.A. 90-587, eff. 7-1-98.)

27 (20 ILCS 3505/7.90 new)

28 Sec. 7.90. Findings and declaration of policy. It is
29 found and declared that Illinois has abundant coal resources.
30 At the same time, in the Chicago-area, at times, the demand
31 for power exceeds the generating capacity. Incentives to
32 encourage the construction of coal-fired electric generating
33 plants in Illinois to ensure power generating capacity into

1 the future are in the best interests of all of the citizens
 2 of Illinois. The Authority is authorized, as provided in
 3 Sections 7.90 through 7.99, to issue bonds to help fund the
 4 construction of mine-mouth power plants in Illinois and for
 5 the construction of related power transmission lines, as
 6 determined under Section 605-331 of the Department of
 7 Commerce and Community Affairs Law of the Civil
 8 Administrative Code of Illinois. The provisions of this
 9 amendatory Act of the 92nd General Assembly are declared to
 10 be in the public interest and benefit and a valid public
 11 purpose.

12 (20 ILCS 3505/7.91 new)

13 Sec. 7.91. Definition. For the purposes of Sections
 14 7.90 through 7.99, "mine-mouth power plant" means a
 15 coal-fired power plant sited adjacent to a coal mine.

16 (20 ILCS 3505/7.92 new)

17 Sec. 7.92. Creation of reserve funds. The Authority may
 18 establish and maintain one or more reserve funds in which
 19 there may be one or more accounts in which there may be
 20 deposited:

21 (a) any proceeds of bonds issued by the Authority
 22 required to be deposited therein by the terms of any contract
 23 between the Authority and its bondholders or any resolution
 24 of the Authority;

25 (b) any other moneys or funds of the Authority that it
 26 may determine to deposit therein from any other source; and

27 (c) any other moneys or funds made available to the
 28 Authority. Subject to the terms of any pledge to the owners
 29 of any bonds, moneys in any reserve fund may be held and
 30 applied to the payment of the interest, premium, if any, or
 31 principal of bonds or for any other purpose authorized by the
 32 Authority.

1 (20 ILCS 3505/7.93 new)

2 Sec. 7.93. Powers and duties. The Authority has the
3 power:

4 (a) To issue bonds in one or more series pursuant to one
5 or more resolutions of the Authority for any purpose
6 authorized under Sections 7.90 through 7.99 of this Act.

7 (b) To provide for the funding of any reserves or other
8 funds or accounts deemed necessary by the Authority in
9 connection with any bonds issued by the Authority.

10 (c) To pledge any funds of the Authority or funds made
11 available to the Authority that may be applied to such
12 purpose as security for any bonds or any guarantees,
13 letters of credit, insurance contracts, or similar credit
14 support or liquidity instruments securing the bonds.

15 (d) To enter into agreements or contracts with third
16 parties, whether public or private, including without
17 limitation the United States of America, the State, or any
18 department or agency thereof, to obtain any appropriations,
19 grants, loans, or guarantees that are deemed necessary or
20 desirable by the Authority. Any such guarantee, agreement,
21 or contract may contain terms and provisions necessary or
22 desirable in connection with the program, subject to the
23 requirements established by Sections 7.90 through 7.99 of
24 this Act.

25 (e) To exercise such other powers as are necessary or
26 incidental to the foregoing.

27 (20 ILCS 3505/7.94 new)

28 Sec. 7.94. Mine-mouth power plant and transmission line
29 bond authorization limits. In addition to any other bonds
30 authorized to be issued under this Act, the Authority may
31 have outstanding, at any time, bonds for the purposes
32 enumerated in Sections 7.90 through 7.99 in an aggregate
33 principal amount that shall not exceed \$2,035,000,000,

1 \$1,770,000,000 of which is dedicated to the construction of
 2 mine-mouth power plants and \$265,000,000 of which is
 3 dedicated to the construction of related power transmission
 4 lines. An application for a loan financed from bond proceeds
 5 from a company for the construction of a mine-mouth power
 6 plant may not be approved for an amount in excess of
 7 \$450,000,000 for any one company.

8 These bonds shall not constitute an indebtedness or
 9 obligation of the State of Illinois and it shall be plainly
 10 stated on the face of each bond that it does not constitute
 11 an indebtedness or obligation of the State of Illinois but is
 12 payable solely from the revenues, income, or other assets of
 13 the Authority pledged therefor.

14 (20 ILCS 3505/7.95 new)

15 Sec. 7.95. Criteria for participation in the program.
 16 If the Authority requires an application for participation in
 17 the loan program, upon submission of any such application,
 18 the Authority or any entity on behalf of the Authority shall
 19 review such application for its completeness and may, at its
 20 discretion, accept or reject such application or request such
 21 additional information as it deems necessary or advisable to
 22 aid its review. The terms and conditions of the loans,
 23 including interest rates, shall be determined by the
 24 Authority by rule. The repayment of the loans may be paid
 25 only from company profits and may not be paid by electricity
 26 customers.

27 (20 ILCS 3505/7.96 new)

28 Sec. 7.96. Investment of moneys. Any moneys at any time
 29 held by the Authority pursuant to Sections 7.90 through 7.99
 30 of this Act shall be held outside the State treasury in the
 31 custody of either the Treasurer of the Authority or a trustee
 32 or depository appointed by the Authority. Such moneys may be

1 invested in (a) investments authorized in the Public Funds
2 Investment Act, (b) obligations issued by any State, unit of
3 local government, or school district, which obligations are
4 rated at the time of purchase by a national rating service
5 within the 2 highest rating classifications without
6 regard to any rating refinement or gradation by numerical or
7 other modifier, or (c) equity securities of an investment
8 company registered under the Investment Company Act of 1940
9 whose sole assets, other than cash and other temporary
10 investments, are obligations that are eligible investments
11 for the Authority. The interest, dividends, or other earnings
12 from these investments may be used to pay administrative
13 costs of the Authority incurred in administering the
14 program or trustee or depository fees incurred in connection
15 with the program.

16 (20 ILCS 3505/7.97 new)

17 Sec. 7.97. Pledge of revenues by the Authority. Any
18 pledge of revenues or other moneys made by the Authority
19 shall be binding from the time the pledge is made. Revenues
20 and other moneys so pledged shall be held outside of the
21 State Treasury and in the custody of either the Treasurer of
22 the Authority or a trustee or a depository appointed by the
23 Authority. Revenues or other moneys so pledged and thereafter
24 received by the Authority or such trustee or depository shall
25 immediately be subject to the lien of the pledge without any
26 physical delivery thereof or further act, and the lien of any
27 pledge shall be binding against all parties having claims of
28 any kind in tort, contract or otherwise against the
29 Authority, irrespective of whether the parties have notice
30 thereof. Neither the resolution nor any other instrument by
31 which a pledge is created need be filed or recorded except in
32 the records of the Authority.

(20 ILCS 3505/7.98 new)

Sec. 7.98. Tax exemption. The exercise of the powers granted in Sections 7.90 through 7.99 of this Act are in all respects for the benefit of the people of Illinois and in consideration thereof the bonds issued pursuant to the those Sections and the income therefrom shall be free from all taxation by the State or its political subdivisions, except for estate, transfer, and inheritance taxes. For purposes of Section 250 of the Illinois Income Tax Act, the exemption of the income from bonds issued under the those Sections shall terminate after all of the bonds have been paid. The amount of such income that shall be added and then subtracted on the Illinois income tax return of a taxpayer, pursuant to Section 203 of the Illinois Income Tax Act, from federal adjusted gross income or federal taxable income in computing Illinois base income shall be the interest net of any bond premium amortization.

(20 ILCS 3505/7.99 new)

Sec. 7.99. Eligible investments. Bonds, issued by the Authority pursuant to the provisions of Sections 7.90 through 7.99 of this Act, shall be permissible investments within the provisions of Section 12 of this Act.

Section 15-930. The State Finance Act is amended by adding Sections 5.545 and 5.546 as follows:

(30 ILCS 105/5.545 new)

Sec. 5.545. The Clean Air and Development Fund.

(30 ILCS 105/5.546 new)

Sec. 5.546. The Energy Efficiency Investment Fund.

Section 15-935. The General Obligation Bond Act is

1 amended by changing Section 2 as follows:

2 (30 ILCS 330/2) (from Ch. 127, par. 652)

3 Sec. 2. Authorization for Bonds. The State of Illinois
4 is authorized to issue, sell and provide for the retirement
5 of General Obligation Bonds of the State of Illinois for the
6 categories and specific purposes expressed in Sections 2
7 through 8 of this Act, in the total amount of \$14,697,632,592
8 ~~\$14,197,632,592~~.

9 The bonds authorized in this Section 2 and in Section 16
10 of this Act are herein called "Bonds".

11 Of the total amount of Bonds authorized in this Act, up
12 to \$2,200,000,000 in aggregate original principal amount may
13 be issued and sold in accordance with the Baccalaureate
14 Savings Act in the form of General Obligation College Savings
15 Bonds.

16 Of the total amount of Bonds authorized in this Act, up
17 to \$300,000,000 in aggregate original principal amount may be
18 issued and sold in accordance with the Retirement Savings Act
19 in the form of General Obligation Retirement Savings Bonds.

20 The issuance and sale of Bonds pursuant to the General
21 Obligation Bond Act is an economical and efficient method of
22 financing the capital needs of the State. This Act will
23 permit the issuance of a multi-purpose General Obligation
24 Bond with uniform terms and features. This will not only
25 lower the cost of registration but also reduce the overall
26 cost of issuing debt by improving the marketability of
27 Illinois General Obligation Bonds.

28 (Source: P.A. 90-1, eff. 2-20-97; 90-8, eff. 12-8-97; 90-549,
29 eff. 12-8-97; 90-586, eff. 6-4-98; 91-39, eff. 6-15-99;
30 91-53, eff 6-30-99; 91-710, eff. 5-17-00.)

31 (30 ILCS 330/7) (from Ch. 127, par. 657)

32 Sec. 7. Coal and Energy Development. The amount of

1 \$163,200,000 is authorized to be used by the Department of
 2 Commerce and Community Affairs for coal and energy
 3 development purposes, pursuant to Sections 2, 3 and 3.1 of
 4 the Illinois Coal and Energy Development Bond Act, and for
 5 the purposes specified in Section 8.1 of the Energy
 6 Conservation and Coal Development Act. Of this amount
 7 \$115,000,000 is for the specific purposes of acquisition,
 8 development, construction, reconstruction, improvement,
 9 financing, architectural and technical planning and
 10 installation of capital facilities consisting of buildings,
 11 structures, durable equipment, and land for the purpose of
 12 capital development of coal resources within the State and
 13 for the purposes specified in Section 8.1 of the Energy
 14 Conservation and Coal Development Act, \$35,000,000 is for the
 15 purposes specified in Section 8.1 of the Energy Conservation
 16 and Coal Development Act, and-making-a-grant-to-the-owner-of
 17 a-generating-station-located-in-Illinois-and-having-at-least
 18 three-coal-fired-generating-units-with-accredited-summer
 19 capability-greater-than-500-megawatts-each-at-such-generating
 20 station-as-provided-in-Section-6-of-that-Bond-Act and
 21 \$13,200,000 is for research, development and demonstration of
 22 forms of energy other than that derived from coal, either on
 23 or off State property.

24 The amount of \$500,000,000 is authorized to be used by
 25 the Department of Commerce and Community Affairs for the
 26 purposes consistent with the Clean Air and Development Law.

27 On or before May 1 each year until the principal of,
 28 interest on, and premium, if any, on the \$500,000,000 in
 29 additional general obligation bonds authorized to be issued
 30 under this amendatory Act of the 92nd General Assembly for
 31 coal development have been paid, the Bureau of the Budget
 32 shall certify the amount necessary to be appropriated in the
 33 State fiscal year that begins on July 1 of that calendar year
 34 to finance the principal of, interest on, and premium, if

1 any, on the \$500,000,000 in additional general obligation
2 bonds authorized to be issued under this amendatory Act of
3 the 92nd General Assembly for coal development.

4 (Source: P.A. 89-445, eff. 2-7-96; 90-312, eff. 8-1-97;
5 90-549, eff. 12-8-97.)

6 Section 15-940. The Illinois Income Tax Act is amended
7 by adding Section 213 as follows:

8 (35 ILCS 5/213 new)

9 Sec. 213. Mine-mouth operator tax credit. For taxable
10 years ending on or after December 31, 2001, each taxpayer who
11 operates a mine-mouth power plant is entitled to a credit
12 against the tax imposed by subsections (a) and (b) of Section
13 201 in the amount of 1% of the taxes owed under this Act by
14 the taxpayer for the taxable year for the first 3 taxable
15 years of operation of the plant. For taxable years ending on
16 or after December 31, 2001, each corporate taxpayer who
17 operates a mine-mouth power plant is entitled to a credit
18 against the tax imposed by subsections (a) and (b) of Section
19 201 in the amount of 1/2% of the taxes owed under this Act by
20 the taxpayer for the taxable year for the fourth and fifth
21 taxable years of operation of the plant. For purposes of this
22 Section, "mine-mouth power plant" means a coal-fired power
23 plant sited adjacent to a coal mine. This Section is exempt
24 from the provisions of Section 250.

25 Section 15-945. The Use Tax Act is amended by changing
26 Section 3-5 as follows:

27 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

28 Sec. 3-5. Exemptions. Use of the following tangible
29 personal property is exempt from the tax imposed by this Act:

30 (1) Personal property purchased from a corporation,

1 society, association, foundation, institution, or
2 organization, other than a limited liability company, that is
3 organized and operated as a not-for-profit service enterprise
4 for the benefit of persons 65 years of age or older if the
5 personal property was not purchased by the enterprise for the
6 purpose of resale by the enterprise.

7 (2) Personal property purchased by a not-for-profit
8 Illinois county fair association for use in conducting,
9 operating, or promoting the county fair.

10 (3) Personal property purchased by a not-for-profit arts
11 or cultural organization that establishes, by proof required
12 by the Department by rule, that it has received an exemption
13 under Section 501(c)(3) of the Internal Revenue Code and that
14 is organized and operated for the presentation or support of
15 arts or cultural programming, activities, or services. These
16 organizations include, but are not limited to, music and
17 dramatic arts organizations such as symphony orchestras and
18 theatrical groups, arts and cultural service organizations,
19 local arts councils, visual arts organizations, and media
20 arts organizations.

21 (4) Personal property purchased by a governmental body,
22 by a corporation, society, association, foundation, or
23 institution organized and operated exclusively for
24 charitable, religious, or educational purposes, or by a
25 not-for-profit corporation, society, association, foundation,
26 institution, or organization that has no compensated officers
27 or employees and that is organized and operated primarily for
28 the recreation of persons 55 years of age or older. A limited
29 liability company may qualify for the exemption under this
30 paragraph only if the limited liability company is organized
31 and operated exclusively for educational purposes. On and
32 after July 1, 1987, however, no entity otherwise eligible for
33 this exemption shall make tax-free purchases unless it has an
34 active exemption identification number issued by the

1 Department.

2 (5) A passenger car that is a replacement vehicle to the
3 extent that the purchase price of the car is subject to the
4 Replacement Vehicle Tax.

5 (6) Graphic arts machinery and equipment, including
6 repair and replacement parts, both new and used, and
7 including that manufactured on special order, certified by
8 the purchaser to be used primarily for graphic arts
9 production, and including machinery and equipment purchased
10 for lease.

11 (7) Farm chemicals.

12 (8) Legal tender, currency, medallions, or gold or
13 silver coinage issued by the State of Illinois, the
14 government of the United States of America, or the government
15 of any foreign country, and bullion.

16 (9) Personal property purchased from a teacher-sponsored
17 student organization affiliated with an elementary or
18 secondary school located in Illinois.

19 (10) A motor vehicle of the first division, a motor
20 vehicle of the second division that is a self-contained motor
21 vehicle designed or permanently converted to provide living
22 quarters for recreational, camping, or travel use, with
23 direct walk through to the living quarters from the driver's
24 seat, or a motor vehicle of the second division that is of
25 the van configuration designed for the transportation of not
26 less than 7 nor more than 16 passengers, as defined in
27 Section 1-146 of the Illinois Vehicle Code, that is used for
28 automobile renting, as defined in the Automobile Renting
29 Occupation and Use Tax Act.

30 (11) Farm machinery and equipment, both new and used,
31 including that manufactured on special order, certified by
32 the purchaser to be used primarily for production agriculture
33 or State or federal agricultural programs, including
34 individual replacement parts for the machinery and equipment,

1 including machinery and equipment purchased for lease, and
2 including implements of husbandry defined in Section 1-130 of
3 the Illinois Vehicle Code, farm machinery and agricultural
4 chemical and fertilizer spreaders, and nurse wagons required
5 to be registered under Section 3-809 of the Illinois Vehicle
6 Code, but excluding other motor vehicles required to be
7 registered under the Illinois Vehicle Code. Horticultural
8 polyhouses or hoop houses used for propagating, growing, or
9 overwintering plants shall be considered farm machinery and
10 equipment under this item (11). Agricultural chemical tender
11 tanks and dry boxes shall include units sold separately from
12 a motor vehicle required to be licensed and units sold
13 mounted on a motor vehicle required to be licensed if the
14 selling price of the tender is separately stated.

15 Farm machinery and equipment shall include precision
16 farming equipment that is installed or purchased to be
17 installed on farm machinery and equipment including, but not
18 limited to, tractors, harvesters, sprayers, planters,
19 seeders, or spreaders. Precision farming equipment includes,
20 but is not limited to, soil testing sensors, computers,
21 monitors, software, global positioning and mapping systems,
22 and other such equipment.

23 Farm machinery and equipment also includes computers,
24 sensors, software, and related equipment used primarily in
25 the computer-assisted operation of production agriculture
26 facilities, equipment, and activities such as, but not
27 limited to, the collection, monitoring, and correlation of
28 animal and crop data for the purpose of formulating animal
29 diets and agricultural chemicals. This item (11) is exempt
30 from the provisions of Section 3-90.

31 (12) Fuel and petroleum products sold to or used by an
32 air common carrier, certified by the carrier to be used for
33 consumption, shipment, or storage in the conduct of its
34 business as an air common carrier, for a flight destined for

1 or returning from a location or locations outside the United
2 States without regard to previous or subsequent domestic
3 stopovers.

4 (13) Proceeds of mandatory service charges separately
5 stated on customers' bills for the purchase and consumption
6 of food and beverages purchased at retail from a retailer, to
7 the extent that the proceeds of the service charge are in
8 fact turned over as tips or as a substitute for tips to the
9 employees who participate directly in preparing, serving,
10 hosting or cleaning up the food or beverage function with
11 respect to which the service charge is imposed.

12 (14) Oil field exploration, drilling, and production
13 equipment, including (i) rigs and parts of rigs, rotary rigs,
14 cable tool rigs, and workover rigs, (ii) pipe and tubular
15 goods, including casing and drill strings, (iii) pumps and
16 pump-jack units, (iv) storage tanks and flow lines, (v) any
17 individual replacement part for oil field exploration,
18 drilling, and production equipment, and (vi) machinery and
19 equipment purchased for lease; but excluding motor vehicles
20 required to be registered under the Illinois Vehicle Code.

21 (15) Photoprocessing machinery and equipment, including
22 repair and replacement parts, both new and used, including
23 that manufactured on special order, certified by the
24 purchaser to be used primarily for photoprocessing, and
25 including photoprocessing machinery and equipment purchased
26 for lease.

27 (16) Coal exploration, mining, offhighway hauling,
28 processing, maintenance, and reclamation equipment, including
29 replacement parts and equipment, and including equipment
30 purchased for lease, but excluding motor vehicles required to
31 be registered under the Illinois Vehicle Code.

32 (17) Distillation machinery and equipment, sold as a
33 unit or kit, assembled or installed by the retailer,
34 certified by the user to be used only for the production of

1 ethyl alcohol that will be used for consumption as motor fuel
2 or as a component of motor fuel for the personal use of the
3 user, and not subject to sale or resale.

4 (18) Manufacturing and assembling machinery and
5 equipment used primarily in the process of manufacturing or
6 assembling tangible personal property for wholesale or retail
7 sale or lease, whether that sale or lease is made directly by
8 the manufacturer or by some other person, whether the
9 materials used in the process are owned by the manufacturer
10 or some other person, or whether that sale or lease is made
11 apart from or as an incident to the seller's engaging in the
12 service occupation of producing machines, tools, dies, jigs,
13 patterns, gauges, or other similar items of no commercial
14 value on special order for a particular purchaser.

15 (19) Personal property delivered to a purchaser or
16 purchaser's donee inside Illinois when the purchase order for
17 that personal property was received by a florist located
18 outside Illinois who has a florist located inside Illinois
19 deliver the personal property.

20 (20) Semen used for artificial insemination of livestock
21 for direct agricultural production.

22 (21) Horses, or interests in horses, registered with and
23 meeting the requirements of any of the Arabian Horse Club
24 Registry of America, Appaloosa Horse Club, American Quarter
25 Horse Association, United States Trotting Association, or
26 Jockey Club, as appropriate, used for purposes of breeding or
27 racing for prizes.

28 (22) Computers and communications equipment utilized for
29 any hospital purpose and equipment used in the diagnosis,
30 analysis, or treatment of hospital patients purchased by a
31 lessor who leases the equipment, under a lease of one year or
32 longer executed or in effect at the time the lessor would
33 otherwise be subject to the tax imposed by this Act, to a
34 hospital that has been issued an active tax exemption

1 identification number by the Department under Section 1g of
2 the Retailers' Occupation Tax Act. If the equipment is
3 leased in a manner that does not qualify for this exemption
4 or is used in any other non-exempt manner, the lessor shall
5 be liable for the tax imposed under this Act or the Service
6 Use Tax Act, as the case may be, based on the fair market
7 value of the property at the time the non-qualifying use
8 occurs. No lessor shall collect or attempt to collect an
9 amount (however designated) that purports to reimburse that
10 lessor for the tax imposed by this Act or the Service Use Tax
11 Act, as the case may be, if the tax has not been paid by the
12 lessor. If a lessor improperly collects any such amount from
13 the lessee, the lessee shall have a legal right to claim a
14 refund of that amount from the lessor. If, however, that
15 amount is not refunded to the lessee for any reason, the
16 lessor is liable to pay that amount to the Department.

17 (23) Personal property purchased by a lessor who leases
18 the property, under a lease of one year or longer executed
19 or in effect at the time the lessor would otherwise be
20 subject to the tax imposed by this Act, to a governmental
21 body that has been issued an active sales tax exemption
22 identification number by the Department under Section 1g of
23 the Retailers' Occupation Tax Act. If the property is leased
24 in a manner that does not qualify for this exemption or used
25 in any other non-exempt manner, the lessor shall be liable
26 for the tax imposed under this Act or the Service Use Tax
27 Act, as the case may be, based on the fair market value of
28 the property at the time the non-qualifying use occurs. No
29 lessor shall collect or attempt to collect an amount (however
30 designated) that purports to reimburse that lessor for the
31 tax imposed by this Act or the Service Use Tax Act, as the
32 case may be, if the tax has not been paid by the lessor. If
33 a lessor improperly collects any such amount from the lessee,
34 the lessee shall have a legal right to claim a refund of that

1 amount from the lessor. If, however, that amount is not
2 refunded to the lessee for any reason, the lessor is liable
3 to pay that amount to the Department.

4 (24) Beginning with taxable years ending on or after
5 December 31, 1995 and ending with taxable years ending on or
6 before December 31, 2004, personal property that is donated
7 for disaster relief to be used in a State or federally
8 declared disaster area in Illinois or bordering Illinois by a
9 manufacturer or retailer that is registered in this State to
10 a corporation, society, association, foundation, or
11 institution that has been issued a sales tax exemption
12 identification number by the Department that assists victims
13 of the disaster who reside within the declared disaster area.

14 (25) Beginning with taxable years ending on or after
15 December 31, 1995 and ending with taxable years ending on or
16 before December 31, 2004, personal property that is used in
17 the performance of infrastructure repairs in this State,
18 including but not limited to municipal roads and streets,
19 access roads, bridges, sidewalks, waste disposal systems,
20 water and sewer line extensions, water distribution and
21 purification facilities, storm water drainage and retention
22 facilities, and sewage treatment facilities, resulting from a
23 State or federally declared disaster in Illinois or bordering
24 Illinois when such repairs are initiated on facilities
25 located in the declared disaster area within 6 months after
26 the disaster.

27 (26) Beginning July 1, 1999, game or game birds
28 purchased at a "game breeding and hunting preserve area" or
29 an "exotic game hunting area" as those terms are used in the
30 Wildlife Code or at a hunting enclosure approved through
31 rules adopted by the Department of Natural Resources. This
32 paragraph is exempt from the provisions of Section 3-90.

33 (27) A motor vehicle, as that term is defined in Section
34 1-146 of the Illinois Vehicle Code, that is donated to a

1 corporation, limited liability company, society, association,
2 foundation, or institution that is determined by the
3 Department to be organized and operated exclusively for
4 educational purposes. For purposes of this exemption, "a
5 corporation, limited liability company, society, association,
6 foundation, or institution organized and operated exclusively
7 for educational purposes" means all tax-supported public
8 schools, private schools that offer systematic instruction in
9 useful branches of learning by methods common to public
10 schools and that compare favorably in their scope and
11 intensity with the course of study presented in tax-supported
12 schools, and vocational or technical schools or institutes
13 organized and operated exclusively to provide a course of
14 study of not less than 6 weeks duration and designed to
15 prepare individuals to follow a trade or to pursue a manual,
16 technical, mechanical, industrial, business, or commercial
17 occupation.

18 (28) Beginning January 1, 2000, personal property,
19 including food, purchased through fundraising events for the
20 benefit of a public or private elementary or secondary
21 school, a group of those schools, or one or more school
22 districts if the events are sponsored by an entity recognized
23 by the school district that consists primarily of volunteers
24 and includes parents and teachers of the school children.
25 This paragraph does not apply to fundraising events (i) for
26 the benefit of private home instruction or (ii) for which the
27 fundraising entity purchases the personal property sold at
28 the events from another individual or entity that sold the
29 property for the purpose of resale by the fundraising entity
30 and that profits from the sale to the fundraising entity.
31 This paragraph is exempt from the provisions of Section 3-90.

32 (29) Beginning January 1, 2000, new or used automatic
33 vending machines that prepare and serve hot food and
34 beverages, including coffee, soup, and other items, and

1 replacement parts for these machines. This paragraph is
2 exempt from the provisions of Section 3-90.

3 (30) Food for human consumption that is to be consumed
4 off the premises where it is sold (other than alcoholic
5 beverages, soft drinks, and food that has been prepared for
6 immediate consumption) and prescription and nonprescription
7 medicines, drugs, medical appliances, and insulin, urine
8 testing materials, syringes, and needles used by diabetics,
9 for human use, when purchased for use by a person receiving
10 medical assistance under Article 5 of the Illinois Public Aid
11 Code who resides in a licensed long-term care facility, as
12 defined in the Nursing Home Care Act.

13 (31) Beginning on January 1, 2002, production related
14 tangible personal property and machinery and equipment,
15 including repair and replacement parts, both new and used,
16 and including those items manufactured on special order or
17 purchased for lease, certified by the purchaser to be
18 essential to and used in the integrated process of the
19 construction of a mine-mouth power plant located within an
20 Enterprise Zone and related power transmission lines, as
21 determined under Section 605-331 of the Department of
22 Commerce and Community Affairs Law of the Civil
23 Administrative Code of Illinois. For purpose of this
24 Section, "mine-mouth power plant" means a coal-fired power
25 plant sited adjacent to a coal mine.

26 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
27 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
28 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,
29 eff. 8-20-99; 91-901, eff. 1-1-01.)

30 Section 15-950. The Service Use Tax Act is amended by
31 changing Section 3-5 as follows:

32 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

1 Sec. 3-5. Exemptions. Use of the following tangible
2 personal property is exempt from the tax imposed by this Act:

3 (1) Personal property purchased from a corporation,
4 society, association, foundation, institution, or
5 organization, other than a limited liability company, that is
6 organized and operated as a not-for-profit service enterprise
7 for the benefit of persons 65 years of age or older if the
8 personal property was not purchased by the enterprise for the
9 purpose of resale by the enterprise.

10 (2) Personal property purchased by a non-profit Illinois
11 county fair association for use in conducting, operating, or
12 promoting the county fair.

13 (3) Personal property purchased by a not-for-profit arts
14 or cultural organization that establishes, by proof required
15 by the Department by rule, that it has received an exemption
16 under Section 501(c)(3) of the Internal Revenue Code and that
17 is organized and operated for the presentation or support of
18 arts or cultural programming, activities, or services. These
19 organizations include, but are not limited to, music and
20 dramatic arts organizations such as symphony orchestras and
21 theatrical groups, arts and cultural service organizations,
22 local arts councils, visual arts organizations, and media
23 arts organizations.

24 (4) Legal tender, currency, medallions, or gold or
25 silver coinage issued by the State of Illinois, the
26 government of the United States of America, or the government
27 of any foreign country, and bullion.

28 (5) Graphic arts machinery and equipment, including
29 repair and replacement parts, both new and used, and
30 including that manufactured on special order or purchased for
31 lease, certified by the purchaser to be used primarily for
32 graphic arts production.

33 (6) Personal property purchased from a teacher-sponsored
34 student organization affiliated with an elementary or

1 secondary school located in Illinois.

2 (7) Farm machinery and equipment, both new and used,
3 including that manufactured on special order, certified by
4 the purchaser to be used primarily for production agriculture
5 or State or federal agricultural programs, including
6 individual replacement parts for the machinery and equipment,
7 including machinery and equipment purchased for lease, and
8 including implements of husbandry defined in Section 1-130 of
9 the Illinois Vehicle Code, farm machinery and agricultural
10 chemical and fertilizer spreaders, and nurse wagons required
11 to be registered under Section 3-809 of the Illinois Vehicle
12 Code, but excluding other motor vehicles required to be
13 registered under the Illinois Vehicle Code. Horticultural
14 polyhouses or hoop houses used for propagating, growing, or
15 overwintering plants shall be considered farm machinery and
16 equipment under this item (7). Agricultural chemical tender
17 tanks and dry boxes shall include units sold separately from
18 a motor vehicle required to be licensed and units sold
19 mounted on a motor vehicle required to be licensed if the
20 selling price of the tender is separately stated.

21 Farm machinery and equipment shall include precision
22 farming equipment that is installed or purchased to be
23 installed on farm machinery and equipment including, but not
24 limited to, tractors, harvesters, sprayers, planters,
25 seeders, or spreaders. Precision farming equipment includes,
26 but is not limited to, soil testing sensors, computers,
27 monitors, software, global positioning and mapping systems,
28 and other such equipment.

29 Farm machinery and equipment also includes computers,
30 sensors, software, and related equipment used primarily in
31 the computer-assisted operation of production agriculture
32 facilities, equipment, and activities such as, but not
33 limited to, the collection, monitoring, and correlation of
34 animal and crop data for the purpose of formulating animal

1 diets and agricultural chemicals. This item (7) is exempt
2 from the provisions of Section 3-75.

3 (8) Fuel and petroleum products sold to or used by an
4 air common carrier, certified by the carrier to be used for
5 consumption, shipment, or storage in the conduct of its
6 business as an air common carrier, for a flight destined for
7 or returning from a location or locations outside the United
8 States without regard to previous or subsequent domestic
9 stopovers.

10 (9) Proceeds of mandatory service charges separately
11 stated on customers' bills for the purchase and consumption
12 of food and beverages acquired as an incident to the purchase
13 of a service from a serviceman, to the extent that the
14 proceeds of the service charge are in fact turned over as
15 tips or as a substitute for tips to the employees who
16 participate directly in preparing, serving, hosting or
17 cleaning up the food or beverage function with respect to
18 which the service charge is imposed.

19 (10) Oil field exploration, drilling, and production
20 equipment, including (i) rigs and parts of rigs, rotary rigs,
21 cable tool rigs, and workover rigs, (ii) pipe and tubular
22 goods, including casing and drill strings, (iii) pumps and
23 pump-jack units, (iv) storage tanks and flow lines, (v) any
24 individual replacement part for oil field exploration,
25 drilling, and production equipment, and (vi) machinery and
26 equipment purchased for lease; but excluding motor vehicles
27 required to be registered under the Illinois Vehicle Code.

28 (11) Proceeds from the sale of photoprocessing machinery
29 and equipment, including repair and replacement parts, both
30 new and used, including that manufactured on special order,
31 certified by the purchaser to be used primarily for
32 photoprocessing, and including photoprocessing machinery and
33 equipment purchased for lease.

34 (12) Coal exploration, mining, offhighway hauling,

1 processing, maintenance, and reclamation equipment, including
2 replacement parts and equipment, and including equipment
3 purchased for lease, but excluding motor vehicles required to
4 be registered under the Illinois Vehicle Code.

5 (13) Semen used for artificial insemination of livestock
6 for direct agricultural production.

7 (14) Horses, or interests in horses, registered with and
8 meeting the requirements of any of the Arabian Horse Club
9 Registry of America, Appaloosa Horse Club, American Quarter
10 Horse Association, United States Trotting Association, or
11 Jockey Club, as appropriate, used for purposes of breeding or
12 racing for prizes.

13 (15) Computers and communications equipment utilized for
14 any hospital purpose and equipment used in the diagnosis,
15 analysis, or treatment of hospital patients purchased by a
16 lessor who leases the equipment, under a lease of one year or
17 longer executed or in effect at the time the lessor would
18 otherwise be subject to the tax imposed by this Act, to a
19 hospital that has been issued an active tax exemption
20 identification number by the Department under Section 1g of
21 the Retailers' Occupation Tax Act. If the equipment is leased
22 in a manner that does not qualify for this exemption or is
23 used in any other non-exempt manner, the lessor shall be
24 liable for the tax imposed under this Act or the Use Tax Act,
25 as the case may be, based on the fair market value of the
26 property at the time the non-qualifying use occurs. No
27 lessor shall collect or attempt to collect an amount (however
28 designated) that purports to reimburse that lessor for the
29 tax imposed by this Act or the Use Tax Act, as the case may
30 be, if the tax has not been paid by the lessor. If a lessor
31 improperly collects any such amount from the lessee, the
32 lessee shall have a legal right to claim a refund of that
33 amount from the lessor. If, however, that amount is not
34 refunded to the lessee for any reason, the lessor is liable

1 to pay that amount to the Department.

2 (16) Personal property purchased by a lessor who leases
3 the property, under a lease of one year or longer executed or
4 in effect at the time the lessor would otherwise be subject
5 to the tax imposed by this Act, to a governmental body that
6 has been issued an active tax exemption identification number
7 by the Department under Section 1g of the Retailers'
8 Occupation Tax Act. If the property is leased in a manner
9 that does not qualify for this exemption or is used in any
10 other non-exempt manner, the lessor shall be liable for the
11 tax imposed under this Act or the Use Tax Act, as the case
12 may be, based on the fair market value of the property at the
13 time the non-qualifying use occurs. No lessor shall collect
14 or attempt to collect an amount (however designated) that
15 purports to reimburse that lessor for the tax imposed by this
16 Act or the Use Tax Act, as the case may be, if the tax has
17 not been paid by the lessor. If a lessor improperly collects
18 any such amount from the lessee, the lessee shall have a
19 legal right to claim a refund of that amount from the lessor.
20 If, however, that amount is not refunded to the lessee for
21 any reason, the lessor is liable to pay that amount to the
22 Department.

23 (17) Beginning with taxable years ending on or after
24 December 31, 1995 and ending with taxable years ending on or
25 before December 31, 2004, personal property that is donated
26 for disaster relief to be used in a State or federally
27 declared disaster area in Illinois or bordering Illinois by a
28 manufacturer or retailer that is registered in this State to
29 a corporation, society, association, foundation, or
30 institution that has been issued a sales tax exemption
31 identification number by the Department that assists victims
32 of the disaster who reside within the declared disaster area.

33 (18) Beginning with taxable years ending on or after
34 December 31, 1995 and ending with taxable years ending on or

1 before December 31, 2004, personal property that is used in
2 the performance of infrastructure repairs in this State,
3 including but not limited to municipal roads and streets,
4 access roads, bridges, sidewalks, waste disposal systems,
5 water and sewer line extensions, water distribution and
6 purification facilities, storm water drainage and retention
7 facilities, and sewage treatment facilities, resulting from a
8 State or federally declared disaster in Illinois or bordering
9 Illinois when such repairs are initiated on facilities
10 located in the declared disaster area within 6 months after
11 the disaster.

12 (19) Beginning July 1, 1999, game or game birds
13 purchased at a "game breeding and hunting preserve area" or
14 an "exotic game hunting area" as those terms are used in the
15 Wildlife Code or at a hunting enclosure approved through
16 rules adopted by the Department of Natural Resources. This
17 paragraph is exempt from the provisions of Section 3-75.

18 (20) ~~(19)~~ A motor vehicle, as that term is defined in
19 Section 1-146 of the Illinois Vehicle Code, that is donated
20 to a corporation, limited liability company, society,
21 association, foundation, or institution that is determined by
22 the Department to be organized and operated exclusively for
23 educational purposes. For purposes of this exemption, "a
24 corporation, limited liability company, society, association,
25 foundation, or institution organized and operated exclusively
26 for educational purposes" means all tax-supported public
27 schools, private schools that offer systematic instruction in
28 useful branches of learning by methods common to public
29 schools and that compare favorably in their scope and
30 intensity with the course of study presented in tax-supported
31 schools, and vocational or technical schools or institutes
32 organized and operated exclusively to provide a course of
33 study of not less than 6 weeks duration and designed to
34 prepare individuals to follow a trade or to pursue a manual,

1 technical, mechanical, industrial, business, or commercial
2 occupation.

3 (21) ~~(20)~~ Beginning January 1, 2000, personal property,
4 including food, purchased through fundraising events for the
5 benefit of a public or private elementary or secondary
6 school, a group of those schools, or one or more school
7 districts if the events are sponsored by an entity recognized
8 by the school district that consists primarily of volunteers
9 and includes parents and teachers of the school children.
10 This paragraph does not apply to fundraising events (i) for
11 the benefit of private home instruction or (ii) for which the
12 fundraising entity purchases the personal property sold at
13 the events from another individual or entity that sold the
14 property for the purpose of resale by the fundraising entity
15 and that profits from the sale to the fundraising entity.
16 This paragraph is exempt from the provisions of Section 3-75.

17 (22) ~~(19)~~ Beginning January 1, 2000, new or used
18 automatic vending machines that prepare and serve hot food
19 and beverages, including coffee, soup, and other items, and
20 replacement parts for these machines. This paragraph is
21 exempt from the provisions of Section 3-75.

22 (23) Beginning on January 1, 2002, production related
23 tangible personal property and machinery and equipment,
24 including repair and replacement parts, both new and used,
25 and including those items manufactured on special order or
26 purchased for lease, certified by the purchaser to be
27 essential to and used in the integrated process of the
28 construction of a mine-mouth power plant located within an
29 Enterprise Zone and related power transmission lines, as
30 determined under Section 605-331 of the Department of
31 Commerce and Community Affairs Law of the Civil
32 Administrative Code of Illinois. For purpose of this
33 Section, "mine-mouth power plant" means a coal-fired power
34 plant sited adjacent to a coal mine.

1 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
2 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
3 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,
4 eff. 8-20-99; revised 9-29-99.)

5 Section 15-955. The Service Occupation Tax Act is
6 amended by changing Section 3-5 as follows:

7 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

8 Sec. 3-5. Exemptions. The following tangible personal
9 property is exempt from the tax imposed by this Act:

10 (1) Personal property sold by a corporation, society,
11 association, foundation, institution, or organization, other
12 than a limited liability company, that is organized and
13 operated as a not-for-profit service enterprise for the
14 benefit of persons 65 years of age or older if the personal
15 property was not purchased by the enterprise for the purpose
16 of resale by the enterprise.

17 (2) Personal property purchased by a not-for-profit
18 Illinois county fair association for use in conducting,
19 operating, or promoting the county fair.

20 (3) Personal property purchased by any not-for-profit
21 arts or cultural organization that establishes, by proof
22 required by the Department by rule, that it has received an
23 exemption under Section 501(c)(3) of the Internal Revenue
24 Code and that is organized and operated for the presentation
25 or support of arts or cultural programming, activities, or
26 services. These organizations include, but are not limited
27 to, music and dramatic arts organizations such as symphony
28 orchestras and theatrical groups, arts and cultural service
29 organizations, local arts councils, visual arts
30 organizations, and media arts organizations.

31 (4) Legal tender, currency, medallions, or gold or
32 silver coinage issued by the State of Illinois, the

1 government of the United States of America, or the government
2 of any foreign country, and bullion.

3 (5) Graphic arts machinery and equipment, including
4 repair and replacement parts, both new and used, and
5 including that manufactured on special order or purchased for
6 lease, certified by the purchaser to be used primarily for
7 graphic arts production.

8 (6) Personal property sold by a teacher-sponsored
9 student organization affiliated with an elementary or
10 secondary school located in Illinois.

11 (7) Farm machinery and equipment, both new and used,
12 including that manufactured on special order, certified by
13 the purchaser to be used primarily for production agriculture
14 or State or federal agricultural programs, including
15 individual replacement parts for the machinery and equipment,
16 including machinery and equipment purchased for lease, and
17 including implements of husbandry defined in Section 1-130 of
18 the Illinois Vehicle Code, farm machinery and agricultural
19 chemical and fertilizer spreaders, and nurse wagons required
20 to be registered under Section 3-809 of the Illinois Vehicle
21 Code, but excluding other motor vehicles required to be
22 registered under the Illinois Vehicle Code. Horticultural
23 polyhouses or hoop houses used for propagating, growing, or
24 overwintering plants shall be considered farm machinery and
25 equipment under this item (7). Agricultural chemical tender
26 tanks and dry boxes shall include units sold separately from
27 a motor vehicle required to be licensed and units sold
28 mounted on a motor vehicle required to be licensed if the
29 selling price of the tender is separately stated.

30 Farm machinery and equipment shall include precision
31 farming equipment that is installed or purchased to be
32 installed on farm machinery and equipment including, but not
33 limited to, tractors, harvesters, sprayers, planters,
34 seeders, or spreaders. Precision farming equipment includes,

1 but is not limited to, soil testing sensors, computers,
2 monitors, software, global positioning and mapping systems,
3 and other such equipment.

4 Farm machinery and equipment also includes computers,
5 sensors, software, and related equipment used primarily in
6 the computer-assisted operation of production agriculture
7 facilities, equipment, and activities such as, but not
8 limited to, the collection, monitoring, and correlation of
9 animal and crop data for the purpose of formulating animal
10 diets and agricultural chemicals. This item (7) is exempt
11 from the provisions of Section 3-55.

12 (8) Fuel and petroleum products sold to or used by an
13 air common carrier, certified by the carrier to be used for
14 consumption, shipment, or storage in the conduct of its
15 business as an air common carrier, for a flight destined for
16 or returning from a location or locations outside the United
17 States without regard to previous or subsequent domestic
18 stopovers.

19 (9) Proceeds of mandatory service charges separately
20 stated on customers' bills for the purchase and consumption
21 of food and beverages, to the extent that the proceeds of the
22 service charge are in fact turned over as tips or as a
23 substitute for tips to the employees who participate directly
24 in preparing, serving, hosting or cleaning up the food or
25 beverage function with respect to which the service charge is
26 imposed.

27 (10) Oil field exploration, drilling, and production
28 equipment, including (i) rigs and parts of rigs, rotary rigs,
29 cable tool rigs, and workover rigs, (ii) pipe and tubular
30 goods, including casing and drill strings, (iii) pumps and
31 pump-jack units, (iv) storage tanks and flow lines, (v) any
32 individual replacement part for oil field exploration,
33 drilling, and production equipment, and (vi) machinery and
34 equipment purchased for lease; but excluding motor vehicles

1 required to be registered under the Illinois Vehicle Code.

2 (11) Photoprocessing machinery and equipment, including
3 repair and replacement parts, both new and used, including
4 that manufactured on special order, certified by the
5 purchaser to be used primarily for photoprocessing, and
6 including photoprocessing machinery and equipment purchased
7 for lease.

8 (12) Coal exploration, mining, offhighway hauling,
9 processing, maintenance, and reclamation equipment, including
10 replacement parts and equipment, and including equipment
11 purchased for lease, but excluding motor vehicles required to
12 be registered under the Illinois Vehicle Code.

13 (13) Food for human consumption that is to be consumed
14 off the premises where it is sold (other than alcoholic
15 beverages, soft drinks and food that has been prepared for
16 immediate consumption) and prescription and non-prescription
17 medicines, drugs, medical appliances, and insulin, urine
18 testing materials, syringes, and needles used by diabetics,
19 for human use, when purchased for use by a person receiving
20 medical assistance under Article 5 of the Illinois Public Aid
21 Code who resides in a licensed long-term care facility, as
22 defined in the Nursing Home Care Act.

23 (14) Semen used for artificial insemination of livestock
24 for direct agricultural production.

25 (15) Horses, or interests in horses, registered with and
26 meeting the requirements of any of the Arabian Horse Club
27 Registry of America, Appaloosa Horse Club, American Quarter
28 Horse Association, United States Trotting Association, or
29 Jockey Club, as appropriate, used for purposes of breeding or
30 racing for prizes.

31 (16) Computers and communications equipment utilized for
32 any hospital purpose and equipment used in the diagnosis,
33 analysis, or treatment of hospital patients sold to a lessor
34 who leases the equipment, under a lease of one year or longer

1 executed or in effect at the time of the purchase, to a
2 hospital that has been issued an active tax exemption
3 identification number by the Department under Section 1g of
4 the Retailers' Occupation Tax Act.

5 (17) Personal property sold to a lessor who leases the
6 property, under a lease of one year or longer executed or in
7 effect at the time of the purchase, to a governmental body
8 that has been issued an active tax exemption identification
9 number by the Department under Section 1g of the Retailers'
10 Occupation Tax Act.

11 (18) Beginning with taxable years ending on or after
12 December 31, 1995 and ending with taxable years ending on or
13 before December 31, 2004, personal property that is donated
14 for disaster relief to be used in a State or federally
15 declared disaster area in Illinois or bordering Illinois by a
16 manufacturer or retailer that is registered in this State to
17 a corporation, society, association, foundation, or
18 institution that has been issued a sales tax exemption
19 identification number by the Department that assists victims
20 of the disaster who reside within the declared disaster area.

21 (19) Beginning with taxable years ending on or after
22 December 31, 1995 and ending with taxable years ending on or
23 before December 31, 2004, personal property that is used in
24 the performance of infrastructure repairs in this State,
25 including but not limited to municipal roads and streets,
26 access roads, bridges, sidewalks, waste disposal systems,
27 water and sewer line extensions, water distribution and
28 purification facilities, storm water drainage and retention
29 facilities, and sewage treatment facilities, resulting from a
30 State or federally declared disaster in Illinois or bordering
31 Illinois when such repairs are initiated on facilities
32 located in the declared disaster area within 6 months after
33 the disaster.

34 (20) Beginning July 1, 1999, game or game birds sold at

1 a "game breeding and hunting preserve area" or an "exotic
2 game hunting area" as those terms are used in the Wildlife
3 Code or at a hunting enclosure approved through rules adopted
4 by the Department of Natural Resources. This paragraph is
5 exempt from the provisions of Section 3-55.

6 (21) ~~(20)~~ A motor vehicle, as that term is defined in
7 Section 1-146 of the Illinois Vehicle Code, that is donated
8 to a corporation, limited liability company, society,
9 association, foundation, or institution that is determined by
10 the Department to be organized and operated exclusively for
11 educational purposes. For purposes of this exemption, "a
12 corporation, limited liability company, society, association,
13 foundation, or institution organized and operated exclusively
14 for educational purposes" means all tax-supported public
15 schools, private schools that offer systematic instruction in
16 useful branches of learning by methods common to public
17 schools and that compare favorably in their scope and
18 intensity with the course of study presented in tax-supported
19 schools, and vocational or technical schools or institutes
20 organized and operated exclusively to provide a course of
21 study of not less than 6 weeks duration and designed to
22 prepare individuals to follow a trade or to pursue a manual,
23 technical, mechanical, industrial, business, or commercial
24 occupation.

25 (22) ~~(21)~~ Beginning January 1, 2000, personal property,
26 including food, purchased through fundraising events for the
27 benefit of a public or private elementary or secondary
28 school, a group of those schools, or one or more school
29 districts if the events are sponsored by an entity recognized
30 by the school district that consists primarily of volunteers
31 and includes parents and teachers of the school children.
32 This paragraph does not apply to fundraising events (i) for
33 the benefit of private home instruction or (ii) for which the
34 fundraising entity purchases the personal property sold at

1 the events from another individual or entity that sold the
 2 property for the purpose of resale by the fundraising entity
 3 and that profits from the sale to the fundraising entity.
 4 This paragraph is exempt from the provisions of Section 3-55.

5 (23) (20) Beginning January 1, 2000, new or used
 6 automatic vending machines that prepare and serve hot food
 7 and beverages, including coffee, soup, and other items, and
 8 replacement parts for these machines. This paragraph is
 9 exempt from the provisions of Section 3-55.

10 (24) Beginning on January 1, 2002, production related
 11 tangible personal property and machinery and equipment,
 12 including repair and replacement parts, both new and used,
 13 and including those items manufactured on special order or
 14 purchased for lease, certified by the purchaser to be
 15 essential to and used in the integrated process of the
 16 construction of a mine-mouth power plant located within an
 17 Enterprise Zone and related power transmission lines, as
 18 determined under Section 605-331 of the Department of
 19 Commerce and Community Affairs Law of the Civil
 20 Administrative Code of Illinois. For purpose of this
 21 Section, "mine-mouth power plant" means a coal-fired power
 22 plant sited adjacent to a coal mine.

23 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
 24 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
 25 7-20-99; 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637,
 26 eff. 8-20-99; 91-644, eff. 8-20-99; revised 9-29-99.)

27 Section 15-960. The Retailers' Occupation Tax Act is
 28 amended by changing Section 2-5 as follows:

29 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

30 Sec. 2-5. Exemptions. Gross receipts from proceeds from
 31 the sale of the following tangible personal property are
 32 exempt from the tax imposed by this Act:

1 (1) Farm chemicals.

2 (2) Farm machinery and equipment, both new and used,
3 including that manufactured on special order, certified by
4 the purchaser to be used primarily for production agriculture
5 or State or federal agricultural programs, including
6 individual replacement parts for the machinery and equipment,
7 including machinery and equipment purchased for lease, and
8 including implements of husbandry defined in Section 1-130 of
9 the Illinois Vehicle Code, farm machinery and agricultural
10 chemical and fertilizer spreaders, and nurse wagons required
11 to be registered under Section 3-809 of the Illinois Vehicle
12 Code, but excluding other motor vehicles required to be
13 registered under the Illinois Vehicle Code. Horticultural
14 polyhouses or hoop houses used for propagating, growing, or
15 overwintering plants shall be considered farm machinery and
16 equipment under this item (2). Agricultural chemical tender
17 tanks and dry boxes shall include units sold separately from
18 a motor vehicle required to be licensed and units sold
19 mounted on a motor vehicle required to be licensed, if the
20 selling price of the tender is separately stated.

21 Farm machinery and equipment shall include precision
22 farming equipment that is installed or purchased to be
23 installed on farm machinery and equipment including, but not
24 limited to, tractors, harvesters, sprayers, planters,
25 seeders, or spreaders. Precision farming equipment includes,
26 but is not limited to, soil testing sensors, computers,
27 monitors, software, global positioning and mapping systems,
28 and other such equipment.

29 Farm machinery and equipment also includes computers,
30 sensors, software, and related equipment used primarily in
31 the computer-assisted operation of production agriculture
32 facilities, equipment, and activities such as, but not
33 limited to, the collection, monitoring, and correlation of
34 animal and crop data for the purpose of formulating animal

1 diets and agricultural chemicals. This item (7) is exempt
2 from the provisions of Section 2-70.

3 (3) Distillation machinery and equipment, sold as a unit
4 or kit, assembled or installed by the retailer, certified by
5 the user to be used only for the production of ethyl alcohol
6 that will be used for consumption as motor fuel or as a
7 component of motor fuel for the personal use of the user, and
8 not subject to sale or resale.

9 (4) Graphic arts machinery and equipment, including
10 repair and replacement parts, both new and used, and
11 including that manufactured on special order or purchased for
12 lease, certified by the purchaser to be used primarily for
13 graphic arts production.

14 (5) A motor vehicle of the first division, a motor
15 vehicle of the second division that is a self-contained motor
16 vehicle designed or permanently converted to provide living
17 quarters for recreational, camping, or travel use, with
18 direct walk through access to the living quarters from the
19 driver's seat, or a motor vehicle of the second division that
20 is of the van configuration designed for the transportation
21 of not less than 7 nor more than 16 passengers, as defined in
22 Section 1-146 of the Illinois Vehicle Code, that is used for
23 automobile renting, as defined in the Automobile Renting
24 Occupation and Use Tax Act.

25 (6) Personal property sold by a teacher-sponsored
26 student organization affiliated with an elementary or
27 secondary school located in Illinois.

28 (7) Proceeds of that portion of the selling price of a
29 passenger car the sale of which is subject to the Replacement
30 Vehicle Tax.

31 (8) Personal property sold to an Illinois county fair
32 association for use in conducting, operating, or promoting
33 the county fair.

34 (9) Personal property sold to a not-for-profit arts or

1 cultural organization that establishes, by proof required by
2 the Department by rule, that it has received an exemption
3 under Section 501(c)(3) of the Internal Revenue Code and that
4 is organized and operated for the presentation or support of
5 arts or cultural programming, activities, or services. These
6 organizations include, but are not limited to, music and
7 dramatic arts organizations such as symphony orchestras and
8 theatrical groups, arts and cultural service organizations,
9 local arts councils, visual arts organizations, and media
10 arts organizations.

11 (10) Personal property sold by a corporation, society,
12 association, foundation, institution, or organization, other
13 than a limited liability company, that is organized and
14 operated as a not-for-profit service enterprise for the
15 benefit of persons 65 years of age or older if the personal
16 property was not purchased by the enterprise for the purpose
17 of resale by the enterprise.

18 (11) Personal property sold to a governmental body, to a
19 corporation, society, association, foundation, or institution
20 organized and operated exclusively for charitable, religious,
21 or educational purposes, or to a not-for-profit corporation,
22 society, association, foundation, institution, or
23 organization that has no compensated officers or employees
24 and that is organized and operated primarily for the
25 recreation of persons 55 years of age or older. A limited
26 liability company may qualify for the exemption under this
27 paragraph only if the limited liability company is organized
28 and operated exclusively for educational purposes. On and
29 after July 1, 1987, however, no entity otherwise eligible for
30 this exemption shall make tax-free purchases unless it has an
31 active identification number issued by the Department.

32 (12) Personal property sold to interstate carriers for
33 hire for use as rolling stock moving in interstate commerce
34 or to lessors under leases of one year or longer executed or

1 in effect at the time of purchase by interstate carriers for
2 hire for use as rolling stock moving in interstate commerce
3 and equipment operated by a telecommunications provider,
4 licensed as a common carrier by the Federal Communications
5 Commission, which is permanently installed in or affixed to
6 aircraft moving in interstate commerce.

7 (13) Proceeds from sales to owners, lessors, or shippers
8 of tangible personal property that is utilized by interstate
9 carriers for hire for use as rolling stock moving in
10 interstate commerce and equipment operated by a
11 telecommunications provider, licensed as a common carrier by
12 the Federal Communications Commission, which is permanently
13 installed in or affixed to aircraft moving in interstate
14 commerce.

15 (14) Machinery and equipment that will be used by the
16 purchaser, or a lessee of the purchaser, primarily in the
17 process of manufacturing or assembling tangible personal
18 property for wholesale or retail sale or lease, whether the
19 sale or lease is made directly by the manufacturer or by some
20 other person, whether the materials used in the process are
21 owned by the manufacturer or some other person, or whether
22 the sale or lease is made apart from or as an incident to the
23 seller's engaging in the service occupation of producing
24 machines, tools, dies, jigs, patterns, gauges, or other
25 similar items of no commercial value on special order for a
26 particular purchaser.

27 (15) Proceeds of mandatory service charges separately
28 stated on customers' bills for purchase and consumption of
29 food and beverages, to the extent that the proceeds of the
30 service charge are in fact turned over as tips or as a
31 substitute for tips to the employees who participate directly
32 in preparing, serving, hosting or cleaning up the food or
33 beverage function with respect to which the service charge is
34 imposed.

1 (16) Petroleum products sold to a purchaser if the
2 seller is prohibited by federal law from charging tax to the
3 purchaser.

4 (17) Tangible personal property sold to a common carrier
5 by rail or motor that receives the physical possession of the
6 property in Illinois and that transports the property, or
7 shares with another common carrier in the transportation of
8 the property, out of Illinois on a standard uniform bill of
9 lading showing the seller of the property as the shipper or
10 consignor of the property to a destination outside Illinois,
11 for use outside Illinois.

12 (18) Legal tender, currency, medallions, or gold or
13 silver coinage issued by the State of Illinois, the
14 government of the United States of America, or the government
15 of any foreign country, and bullion.

16 (19) Oil field exploration, drilling, and production
17 equipment, including (i) rigs and parts of rigs, rotary rigs,
18 cable tool rigs, and workover rigs, (ii) pipe and tubular
19 goods, including casing and drill strings, (iii) pumps and
20 pump-jack units, (iv) storage tanks and flow lines, (v) any
21 individual replacement part for oil field exploration,
22 drilling, and production equipment, and (vi) machinery and
23 equipment purchased for lease; but excluding motor vehicles
24 required to be registered under the Illinois Vehicle Code.

25 (20) Photoprocessing machinery and equipment, including
26 repair and replacement parts, both new and used, including
27 that manufactured on special order, certified by the
28 purchaser to be used primarily for photoprocessing, and
29 including photoprocessing machinery and equipment purchased
30 for lease.

31 (21) Coal exploration, mining, offhighway hauling,
32 processing, maintenance, and reclamation equipment, including
33 replacement parts and equipment, and including equipment
34 purchased for lease, but excluding motor vehicles required to

1 be registered under the Illinois Vehicle Code.

2 (22) Fuel and petroleum products sold to or used by an
3 air carrier, certified by the carrier to be used for
4 consumption, shipment, or storage in the conduct of its
5 business as an air common carrier, for a flight destined for
6 or returning from a location or locations outside the United
7 States without regard to previous or subsequent domestic
8 stopovers.

9 (23) A transaction in which the purchase order is
10 received by a florist who is located outside Illinois, but
11 who has a florist located in Illinois deliver the property to
12 the purchaser or the purchaser's donee in Illinois.

13 (24) Fuel consumed or used in the operation of ships,
14 barges, or vessels that are used primarily in or for the
15 transportation of property or the conveyance of persons for
16 hire on rivers bordering on this State if the fuel is
17 delivered by the seller to the purchaser's barge, ship, or
18 vessel while it is afloat upon that bordering river.

19 (25) A motor vehicle sold in this State to a nonresident
20 even though the motor vehicle is delivered to the nonresident
21 in this State, if the motor vehicle is not to be titled in
22 this State, and if a driveaway decal permit is issued to the
23 motor vehicle as provided in Section 3-603 of the Illinois
24 Vehicle Code or if the nonresident purchaser has vehicle
25 registration plates to transfer to the motor vehicle upon
26 returning to his or her home state. The issuance of the
27 driveaway decal permit or having the out-of-state
28 registration plates to be transferred is prima facie evidence
29 that the motor vehicle will not be titled in this State.

30 (26) Semen used for artificial insemination of livestock
31 for direct agricultural production.

32 (27) Horses, or interests in horses, registered with and
33 meeting the requirements of any of the Arabian Horse Club
34 Registry of America, Appaloosa Horse Club, American Quarter

1 Horse Association, United States Trotting Association, or
2 Jockey Club, as appropriate, used for purposes of breeding or
3 racing for prizes.

4 (28) Computers and communications equipment utilized for
5 any hospital purpose and equipment used in the diagnosis,
6 analysis, or treatment of hospital patients sold to a lessor
7 who leases the equipment, under a lease of one year or longer
8 executed or in effect at the time of the purchase, to a
9 hospital that has been issued an active tax exemption
10 identification number by the Department under Section 1g of
11 this Act.

12 (29) Personal property sold to a lessor who leases the
13 property, under a lease of one year or longer executed or in
14 effect at the time of the purchase, to a governmental body
15 that has been issued an active tax exemption identification
16 number by the Department under Section 1g of this Act.

17 (30) Beginning with taxable years ending on or after
18 December 31, 1995 and ending with taxable years ending on or
19 before December 31, 2004, personal property that is donated
20 for disaster relief to be used in a State or federally
21 declared disaster area in Illinois or bordering Illinois by a
22 manufacturer or retailer that is registered in this State to
23 a corporation, society, association, foundation, or
24 institution that has been issued a sales tax exemption
25 identification number by the Department that assists victims
26 of the disaster who reside within the declared disaster area.

27 (31) Beginning with taxable years ending on or after
28 December 31, 1995 and ending with taxable years ending on or
29 before December 31, 2004, personal property that is used in
30 the performance of infrastructure repairs in this State,
31 including but not limited to municipal roads and streets,
32 access roads, bridges, sidewalks, waste disposal systems,
33 water and sewer line extensions, water distribution and
34 purification facilities, storm water drainage and retention

1 facilities, and sewage treatment facilities, resulting from a
2 State or federally declared disaster in Illinois or bordering
3 Illinois when such repairs are initiated on facilities
4 located in the declared disaster area within 6 months after
5 the disaster.

6 (32) Beginning July 1, 1999, game or game birds sold at
7 a "game breeding and hunting preserve area" or an "exotic
8 game hunting area" as those terms are used in the Wildlife
9 Code or at a hunting enclosure approved through rules adopted
10 by the Department of Natural Resources. This paragraph is
11 exempt from the provisions of Section 2-70.

12 (33) ~~(32)~~ A motor vehicle, as that term is defined in
13 Section 1-146 of the Illinois Vehicle Code, that is donated
14 to a corporation, limited liability company, society,
15 association, foundation, or institution that is determined by
16 the Department to be organized and operated exclusively for
17 educational purposes. For purposes of this exemption, "a
18 corporation, limited liability company, society, association,
19 foundation, or institution organized and operated exclusively
20 for educational purposes" means all tax-supported public
21 schools, private schools that offer systematic instruction in
22 useful branches of learning by methods common to public
23 schools and that compare favorably in their scope and
24 intensity with the course of study presented in tax-supported
25 schools, and vocational or technical schools or institutes
26 organized and operated exclusively to provide a course of
27 study of not less than 6 weeks duration and designed to
28 prepare individuals to follow a trade or to pursue a manual,
29 technical, mechanical, industrial, business, or commercial
30 occupation.

31 (34) ~~(33)~~ Beginning January 1, 2000, personal property,
32 including food, purchased through fundraising events for the
33 benefit of a public or private elementary or secondary
34 school, a group of those schools, or one or more school

1 districts if the events are sponsored by an entity recognized
 2 by the school district that consists primarily of volunteers
 3 and includes parents and teachers of the school children.
 4 This paragraph does not apply to fundraising events (i) for
 5 the benefit of private home instruction or (ii) for which the
 6 fundraising entity purchases the personal property sold at
 7 the events from another individual or entity that sold the
 8 property for the purpose of resale by the fundraising entity
 9 and that profits from the sale to the fundraising entity.
 10 This paragraph is exempt from the provisions of Section 2-70.

11 (35) ~~(32)~~ Beginning January 1, 2000, new or used
 12 automatic vending machines that prepare and serve hot food
 13 and beverages, including coffee, soup, and other items, and
 14 replacement parts for these machines. This paragraph is
 15 exempt from the provisions of Section 2-70.

16 (36) Beginning on January 1, 2002, production related
 17 tangible personal property and machinery and equipment,
 18 including repair and replacement parts, both new and used,
 19 and including those items manufactured on special order or
 20 purchased for lease, certified by the purchaser to be
 21 essential to and used in the integrated process of the
 22 construction of a mine-mouth power plant located within an
 23 Enterprise Zone and related power transmission lines, as
 24 determined under Section 605-331 of the Department of
 25 Commerce and Community Affairs Law of the Civil
 26 Administrative Code of Illinois. For purpose of this
 27 Section, "mine-mouth power plant" means a coal-fired power
 28 plant sited adjacent to a coal mine.

29 (Source: P.A. 90-14, eff. 7-1-97; 90-519, eff. 6-1-98;
 30 90-552, eff. 12-12-97; 90-605, eff. 6-30-98; 91-51, eff.
 31 6-30-99; 91-200, eff. 7-20-99; 91-439, eff. 8-6-99; 91-533,
 32 eff. 8-13-99; 91-637, eff. 8-20-99; 91-644, eff. 8-20-99;
 33 revised 9-28-99.)

1 Section 15-965. The Property Tax Code is amended by
2 adding Section 15-72 as follows:

3 (35 ILCS 200/15-72 new)

4 Sec. 15-72. Exemption for mine-mouth power plants and
5 related transmission lines. All property used exclusively to
6 operate a mine-mouth power plant is exempt. For 10 years
7 following the completion of construction, all property on
8 which related power transmission lines, as determined under
9 Section 605-331 of the Department of Commerce and Community
10 Affairs Law of the Civil Administrative Code of Illinois, are
11 sited is exempt. For purposes of this Section, "mine-mouth
12 power plant" means a coal-fired power plant sited adjacent to
13 a coal mine.

14 Section 15-970. The Public Utilities Act is amended by
15 changing Section 2-202 as follows:

16 (220 ILCS 5/2-202) (from Ch. 111 2/3, par. 2-202)

17 Sec. 2-202. (a) It is declared to be the public policy of
18 this State that in order to maintain and foster the effective
19 regulation of public utilities under this Act in the
20 interests of the People of the State of Illinois and the
21 public utilities as well, the public utilities subject to
22 regulation under this Act and which enjoy the privilege of
23 operating as public utilities in this State, shall bear the
24 expense of administering this Act by means of a tax on such
25 privilege measured by the annual gross revenue of such public
26 utilities in the manner provided in this Section. For
27 purposes of this Section, "expense of administering this Act"
28 includes any costs incident to studies, whether made by the
29 Commission or under contract entered into by the Commission,
30 concerning environmental pollution problems caused or
31 contributed to by public utilities and the means for

1 eliminating or abating those problems. Such proceeds shall be
2 deposited in the Public Utility Fund in the State treasury.

3 (b) All of the ordinary and contingent expenses of the
4 Commission incident to the administration of this Act shall
5 be paid out of the Public Utility Fund except the
6 compensation of the members of the Commission which shall be
7 paid from the General Revenue Fund. Notwithstanding other
8 provisions of this Act to the contrary, the ordinary and
9 contingent expenses of the Commission incident to the
10 administration of the Illinois Commercial Transportation Law
11 may be paid from appropriations from the Public Utility Fund
12 through the end of fiscal year 1986.

13 (c) A tax is imposed upon each public utility subject to
14 the provisions of this Act equal to .08% of its gross revenue
15 for each calendar year commencing with the calendar year
16 beginning January 1, 1982, except that the Commission may, by
17 rule, establish a different rate no greater than 0.1%. For
18 purposes of this Section, "gross revenue" shall not include
19 revenue from the production, transmission, distribution,
20 sale, delivery, or furnishing of electricity. "Gross revenue"
21 shall not include amounts paid by telecommunications
22 retailers under the Telecommunications Municipal
23 Infrastructure Maintenance Fee Act.

24 (d) Annual gross revenue returns shall be filed in
25 accordance with paragraph (1) or (2) of this subsection (d).

26 (1) Except as provided in paragraph (2) of this
27 subsection (d), on or before January 10 of each year each
28 public utility subject to the provisions of this Act
29 shall file with the Commission an estimated annual gross
30 revenue return containing an estimate of the amount of
31 its gross revenue for the calendar year commencing
32 January 1 of said year and a statement of the amount of
33 tax due for said calendar year on the basis of that
34 estimate. Public utilities may also file revised returns

1 containing updated estimates and updated amounts of tax
2 due during the calendar year. These revised returns, if
3 filed, shall form the basis for quarterly payments due
4 during the remainder of the calendar year. In addition,
5 on or before February 15 of each year, each public
6 utility shall file an amended return showing the actual
7 amount of gross revenues shown by the company's books and
8 records as of December 31 of the previous year. Forms and
9 instructions for such estimated, revised, and amended
10 returns shall be devised and supplied by the Commission.

11 (2) Beginning January 1, 1993, the requirements of
12 paragraph (1) of this subsection (d) shall not apply to
13 any public utility in any calendar year for which the
14 total tax the public utility owes under this Section is
15 less than \$1,000. For such public utilities with respect
16 to such years, the public utility shall file with the
17 Commission, on or before January 31 of the following
18 year, an annual gross revenue return for the year and a
19 statement of the amount of tax due for that year on the
20 basis of such a return. Forms and instructions for such
21 returns and corrected returns shall be devised and
22 supplied by the Commission.

23 (e) All returns submitted to the Commission by a public
24 utility as provided in this subsection (e) or subsection (d)
25 of this Section shall contain or be verified by a written
26 declaration by an appropriate officer of the public utility
27 that the return is made under the penalties of perjury. The
28 Commission may audit each such return submitted and may,
29 under the provisions of Section 5-101 of this Act, take such
30 measures as are necessary to ascertain the correctness of the
31 returns submitted. The Commission has the power to direct the
32 filing of a corrected return by any utility which has filed
33 an incorrect return and to direct the filing of a return by
34 any utility which has failed to submit a return. A

1 taxpayer's signing a fraudulent return under this Section is
2 perjury, as defined in Section 32-2 of the Criminal Code of
3 1961.

4 (f) (1) For all public utilities subject to paragraph
5 (1) of subsection (d), at least one quarter of the annual
6 amount of tax due under subsection (c) shall be paid to the
7 Commission on or before the tenth day of January, April,
8 July, and October of the calendar year subject to tax. In
9 the event that an adjustment in the amount of tax due should
10 be necessary as a result of the filing of an amended or
11 corrected return under subsection (d) or subsection (e) of
12 this Section, the amount of any deficiency shall be paid by
13 the public utility together with the amended or corrected
14 return and the amount of any excess shall, after the filing
15 of a claim for credit by the public utility, be returned to
16 the public utility in the form of a credit memorandum in the
17 amount of such excess or be refunded to the public utility in
18 accordance with the provisions of subsection (k) of this
19 Section. However, if such deficiency or excess is less than
20 \$1, then the public utility need not pay the deficiency and
21 may not claim a credit.

22 (2) Any public utility subject to paragraph (2) of
23 subsection (d) shall pay the amount of tax due under
24 subsection (c) on or before January 31 next following the end
25 of the calendar year subject to tax. In the event that an
26 adjustment in the amount of tax due should be necessary as a
27 result of the filing of a corrected return under subsection
28 (e), the amount of any deficiency shall be paid by the public
29 utility at the time the corrected return is filed. Any excess
30 tax payment by the public utility shall be returned to it
31 after the filing of a claim for credit, in the form of a
32 credit memorandum in the amount of the excess. However, if
33 such deficiency or excess is less than \$1, the public utility
34 need not pay the deficiency and may not claim a credit.

1 (g) Each installment or required payment of the tax
2 imposed by subsection (c) becomes delinquent at midnight of
3 the date that it is due. Failure to make a payment as
4 required by this Section shall result in the imposition of a
5 late payment penalty, an underestimation penalty, or both, as
6 provided by this subsection. The late payment penalty shall
7 be the greater of:

8 (1) \$25 for each month or portion of a month that
9 the installment or required payment is unpaid or

10 (2) an amount equal to the difference between what
11 should have been paid on the due date, based upon the
12 most recently filed estimate, and what was actually paid,
13 times 1%, for each month or portion of a month that the
14 installment or required payment goes unpaid. This
15 penalty may be assessed as soon as the installment or
16 required payment becomes delinquent.

17 The underestimation penalty shall apply to those public
18 utilities subject to paragraph (1) of subsection (d) and
19 shall be calculated after the filing of the amended return.
20 It shall be imposed if the amount actually paid on any of the
21 dates specified in subsection (f) is not equal to at least
22 one-fourth of the amount actually due for the year, and shall
23 equal the greater of:

24 (1) \$25 for each month or portion of a month that
25 the amount due is unpaid or

26 (2) an amount equal to the difference between what
27 should have been paid, based on the amended return, and
28 what was actually paid as of the date specified in
29 subsection (f), times a percentage equal to 1/12 of the
30 sum of 10% and the percentage most recently established
31 by the Commission for interest to be paid on customer
32 deposits under 83 Ill. Adm. Code 280.70(e)(1), for each
33 month or portion of a month that the amount due goes
34 unpaid, except that no underestimation penalty shall be

1 assessed if the amount actually paid on each of the dates
2 specified in subsection (f) was based on an estimate of
3 gross revenues at least equal to the actual gross
4 revenues for the previous year. The Commission may
5 enforce the collection of any delinquent installment or
6 payment, or portion thereof by legal action or in any
7 other manner by which the collection of debts due the
8 State of Illinois may be enforced under the laws of this
9 State. The executive director or his designee may excuse
10 the payment of an assessed penalty if he determines that
11 enforced collection of the penalty would be unjust.

12 (h) All sums collected by the Commission under the
13 provisions of this Section shall be paid promptly after the
14 receipt of the same, accompanied by a detailed statement
15 thereof, into the Public Utility Fund in the State treasury.

16 (i) During the month of October of each odd-numbered
17 year the Commission shall:

18 (1) determine the amount of all moneys deposited in
19 the Public Utility Fund during the preceding fiscal
20 biennium plus the balance, if any, in that fund at the
21 beginning of that biennium;

22 (2) determine the sum total of the following items:
23 (A) all moneys expended or obligated against
24 appropriations made from the Public Utility Fund during
25 the preceding fiscal biennium, plus (B) the sum of the
26 credit memoranda then outstanding against the Public
27 Utility Fund, if any; and

28 (3) determine the amount, if any, by which the sum
29 determined as provided in item (1) exceeds the amount
30 determined as provided in item (2).

31 If the amount determined as provided in item (3) of this
32 subsection exceeds \$2,500,000, the Commission shall then
33 compute the proportionate amount, if any, which (x) the tax
34 paid hereunder by each utility during the preceding biennium,

1 and (y) the amount paid into the Public Utility Fund during
2 the preceding biennium by the Department of Revenue pursuant
3 to Sections 2-9 and 2-11 of the Electricity Excise Tax Law,
4 bears to the difference between the amount determined as
5 provided in item (3) of this subsection (i) and \$2,500,000.
6 The Commission shall cause the proportionate amount
7 determined with respect to payments made under the
8 Electricity Excise Tax Law to be transferred into the General
9 Revenue Fund in the State Treasury, and notify each public
10 utility that it may file during the 3 month period after the
11 date of notification a claim for credit for the proportionate
12 amount determined with respect to payments made hereunder by
13 the public utility. If the proportionate amount is less than
14 \$10, no notification will be sent by the Commission, and no
15 right to a claim exists as to that amount. Upon the filing of
16 a claim for credit within the period provided, the Commission
17 shall issue a credit memorandum in such amount to such public
18 utility. Any claim for credit filed after the period provided
19 for in this Section is void.

20 (i-5) A public utility is entitled to a credit against
21 the tax imposed under this Section in the amount equal to the
22 amount expended by the public utility during the reporting
23 period on use and occupation taxes for the purchase coal
24 produced in Illinois. The Commission shall establish by rule
25 the procedures to apply for the credit. The Commission shall
26 issue, as provided by rule, a credit memorandum to the public
27 utility for the credit allowed under this subsection (i-5).

28 (j) Credit memoranda issued pursuant to subsection (f),
29 and credit memoranda issued after notification and filing
30 pursuant to subsection (i), and credit memoranda issued
31 pursuant to subsection (i-5) may be applied for the 2 year
32 period from the date of issuance, against the payment of any
33 amount due during that period under the tax imposed by
34 subsection (c), or, subject to reasonable rule of the

1 Commission including requirement of notification, may be
2 assigned to any other public utility subject to regulation
3 under this Act. Any application of credit memoranda after the
4 period provided for in this Section is void.

5 (k) The chairman or executive director may make refund
6 of fees, taxes or other charges whenever he shall determine
7 that the person or public utility will not be liable for
8 payment of such fees, taxes or charges during the next 24
9 months and he determines that the issuance of a credit
10 memorandum would be unjust.

11 (Source: P.A. 90-561, eff. 8-1-98; 90-562, 12-16-97; 90-655,
12 eff. 7-30-98.)

13 Section 15-975. The Environmental Protection Act is
14 amended by changing Section 9.9 and adding Section 9.10 as
15 follows:

16 (415 ILCS 5/9.9)

17 Sec. 9.9. Nitrogen oxides trading system.

18 (a) The General Assembly finds:

19 (1) That USEPA has issued a Final Rule published in
20 the Federal Register on October 27, 1998, entitled
21 "Finding of Significant Contribution and Rulemaking for
22 Certain States in the Ozone Transport Assessment Group
23 Region for Purposes of Reducing Regional Transport of
24 Ozone", hereinafter referred to as the "NOx SIP Call",
25 compliance with which will require reducing emissions of
26 nitrogen oxides ("NOx");

27 (2) That reducing emissions of NOx in the State
28 helps the State to meet the national ambient air quality
29 standard for ozone;

30 (3) That emissions trading is a cost-effective
31 means of obtaining reductions of NOx emissions.

32 (b) The Agency shall propose and the Board shall adopt

1 regulations to implement an interstate NOx trading program
2 (hereinafter referred to as the "NOx Trading Program") as
3 provided for in 40 CFR Part 96, including incorporation by
4 reference of appropriate provisions of 40 CFR Part 96 and
5 regulations to address 40 CFR Section 96.4(b), Section
6 96.55(c), Subpart E, and Subpart I. In addition, the Agency
7 shall propose and the Board shall adopt regulations to
8 implement NOx emission reduction programs for cement kilns
9 and stationary internal combustion engines.

10 (c) Allocations of NOx allowances to large electric
11 generating units ("EGUs") and large non-electric generating
12 units ("non-EGUs"), as defined by 40 CFR Part 96.4(a), shall
13 not exceed the State's trading budget for those source
14 categories to be included in the State Implementation Plan
15 for NOx.

16 (d) In adopting regulations to implement the NOx Trading
17 Program, the Board shall:

18 (1) assure that the economic impact and technical
19 feasibility of NOx emissions reductions under the NOx
20 Trading Program are considered relative to the
21 traditional regulatory control requirements in the State
22 for EGUs and non-EGUs;

23 (2) provide that emission units, as defined in
24 Section 39.5(1) of this Act, may opt into the NOx Trading
25 Program;

26 (3) provide for voluntary reductions of NOx
27 emissions from emission units, as defined in Section
28 39.5(1) of this Act, not otherwise included under
29 paragraph (c) or (d)(2) of this Section to provide
30 additional allowances to EGUs and non-EGUs to be
31 allocated by the Agency. The regulations shall further
32 provide that such voluntary reductions are verifiable,
33 quantifiable, permanent, and federally enforceable;

34 (4) provide that the Agency allocate to non-EGUs

1 allowances that are designated in the rule, unless the
 2 Agency has been directed to transfer the allocations to
 3 another unit subject to the requirements of the NOx
 4 Trading Program, and that upon shutdown of a non-EGU, the
 5 unit may transfer or sell the NOx allowances that are
 6 allocated to such unit; and

7 (5) provide that the Agency shall set aside
 8 annually a number of allowances, not to exceed 5% of the
 9 total EGU trading budget, to be made available to new
 10 EGUs.

11 (A) Those EGUs that commence commercial
 12 operation, as defined in 40 CFR Section 96.2, at a
 13 time that is more than half way through the control
 14 period in 2003 2002 shall return to the Agency any
 15 allowances that were issued to it by the Agency and
 16 were not used for compliance in 2004 2003.

17 (B) The Agency may charge EGUs that commence
 18 commercial operation, as defined in 40 CFR Section
 19 96.2, on or after January 1, 2003, for the
 20 allowances it issues to them.

21 (e) The Agency may adopt procedural rules, as necessary,
 22 to implement the regulations promulgated by the Board
 23 pursuant to subsections (b) and (d) and to implement
 24 subsection (i) of this Section.

25 (f) Notwithstanding any provisions in subparts T, U, and
 26 W of Section 217 of Title 35 of the Illinois Administrative
 27 Code to the contrary, compliance with the regulations
 28 promulgated by the Board pursuant to subsections (b) and (d)
 29 of this Section is required by May 31, 2004. The--regulations
 30 promulgated--by-the-Board-pursuant-to-subsections-(b)-and-(d)
 31 of-this-Section-shall-not-be-enforced-until-the-later-of--May
 32 17-2003,-or-the-first-day-of-the-control-season-subsequent-to
 33 the-calendar-year-in-which-all-of-the-other-states-subject-to
 34 the--provisions-of-the-NOx-SIP-Call-that-are-located-in-USEPA

1 Region-V-or-that-are--contiguous--to--Illinois--have--adopted
2 regulations--to--implement--NOx--trading--programs--and-other
3 required-reductions-of-NOx-emissions-pursuant-to-the-NOx--SIP
4 Call,--and--such--regulations-have-received-final-approval-by
5 USEPA-as-part-of-the-respective-states'-SIPS-for-ozone,--or--a
6 final--FIP--for--ozone--promulgated-by-USEPA-is-effective-for
7 such-other-states.

8 (g) To the extent that a court of competent jurisdiction
9 finds a provision of 40 CFR Part 96 invalid, the
10 corresponding Illinois provision shall be stayed until such
11 provision of 40 CFR Part 96 is found to be valid or is
12 re-promulgated. To the extent that USEPA or any court of
13 competent jurisdiction stays the applicability of any
14 provision of the NOx SIP Call to any person or circumstance
15 relating to Illinois, during the period of that stay, the
16 effectiveness of the corresponding Illinois provision shall
17 be stayed. To the extent that the invalidity of the
18 particular requirement or application does not affect other
19 provisions or applications of the NOx SIP Call pursuant to 40
20 CFR 51.121 or the NOx trading program pursuant to 40 CFR Part
21 96 or 40 CFR Part 97, this Section, and rules or regulations
22 promulgated hereunder, will be given effect without the
23 invalid provisions or applications.

24 (h) Notwithstanding any other provision of this Act, any
25 source or other authorized person that participates in the
26 NOx Trading Program shall be eligible to exchange NOx
27 allowances with other sources in accordance with this Section
28 and with regulations promulgated by the Board or the Agency.

29 (i) There is hereby created within the State Treasury an
30 interest-bearing special fund to be known as the NOx Trading
31 System Fund, which shall be used and administered by the
32 Agency for the purposes stated below:

33 (1) To accept funds from persons who purchase NOx
34 allowances from the Agency;

1 (2) To disburse the proceeds of the NOx allowances
 2 sales pro-rata to the owners or operators of the EGUs
 3 that received allowances from the Agency but not from the
 4 Agency's set-aside, in accordance with regulations that
 5 may be promulgated by the Agency; and

6 (3) To finance the reasonable costs incurred by the
 7 Agency in the administration of the NOx Trading System.

8 (Source: P.A. 91-631, eff. 8-19-99.)

9 (415 ILCS 5/9.10 new)

10 Sec. 9.10. Fossil fuel-fired electric generating plants.

11 (a) The General Assembly finds and declares that:

12 (1) fossil fuel-fired electric generating plants
 13 are a significant source of air emissions in this State
 14 and have become the subject of a number of important new
 15 studies of their effects on the public health;

16 (2) existing state and federal policies, that allow
 17 older plants that meet federal standards to operate
 18 without meeting the more stringent requirements
 19 applicable to new plants, are being questioned on the
 20 basis of their environmental impacts and the economic
 21 distortions such policies cause in a deregulated energy
 22 market;

23 (3) fossil fuel-fired electric generating plants
 24 are, or may be, affected by a number of regulatory
 25 programs, some of which are under review or development
 26 on the state and national levels, and to a certain extent
 27 the international level, including the federal acid rain
 28 program, tropospheric ozone, mercury and other hazardous
 29 pollutant control requirements, regional haze, and global
 30 warming;

31 (4) scientific uncertainty regarding the formation
 32 of certain components of regional haze and the air
 33 quality modeling that predict impacts of control measures

1 requires careful consideration of the timing of the
2 control of some of the pollutants from these facilities,
3 particularly sulfur dioxides and nitrogen oxides that
4 each interact with ammonia and other substances in the
5 atmosphere;

6 (5) the development of energy policies to promote a
7 safe, sufficient, reliable, and affordable energy supply
8 on the state and national levels is being affected by the
9 on-going deregulation of the power generation industry
10 and the evolving energy markets;

11 (6) the Governor's formation of an Energy Cabinet
12 and the development of a State energy policy calls for
13 actions by the Agency and the Board that are in harmony
14 with the energy needs and policy of the State, while
15 protecting the public health and the environment;

16 (7) Illinois coal is an abundant resource and an
17 important component of Illinois' economy whose use should
18 be encouraged to the greatest extent possible consistent
19 with protecting the public health and the environment;

20 (8) renewable forms of energy should be promoted as
21 an important element of the energy and environmental
22 policies of the State and that it is a goal of the State
23 that at least 5% of the State's energy production and use
24 be derived from renewable forms of energy by 2010 and at
25 least 15% from renewable forms of energy by 2020;

26 (9) efforts on the state and federal levels are
27 underway to consider the multiple environmental
28 regulations affecting electric generating plants in order
29 to improve the ability of government and the affected
30 industry to engage in effective planning through the use
31 of multi-pollutant strategies; and

32 (10) these issues, taken together, call for a
33 comprehensive review of the impact of these facilities on
34 the public health, considering also the energy supply,

1 reliability, and costs, the role of renewable forms of
2 energy, and the developments in federal law and
3 regulations that may affect any state actions, prior to
4 making final decisions in Illinois.

5 (b) Taking into account the findings and declarations of
6 the General Assembly contained in subsection (a) of this
7 Section, the Agency shall, before September 30, 2004, but not
8 before September 30, 2003, issue to the House and Senate
9 Committees on Environment and Energy findings that address
10 the potential need for the control or reduction of emissions
11 from fossil fuel-fired electric generating plants, including
12 the following provisions:

13 (1) reduction of nitrogen oxide emissions, as
14 appropriate, with consideration of maximum annual
15 emissions rate limits or establishment of an emissions
16 trading program and with consideration of the
17 developments in federal law and regulations that may
18 affect any State action, prior to making final decisions
19 in Illinois;

20 (2) reduction of sulfur dioxide emissions, as
21 appropriate, with consideration of maximum annual
22 emissions rate limits or establishment of an emissions
23 trading program and with consideration of the
24 developments in federal law and regulations that may
25 affect any State action, prior to making final decisions
26 in Illinois;

27 (3) incentives to promote renewable sources of
28 energy consistent with item (8) of subsection (a) of
29 this Section;

30 (4) reduction of mercury as appropriate,
31 consideration of the availability of control technology,
32 industry practice requirements, or incentive programs, or
33 some combination of these approaches that are sufficient
34 to prevent unacceptable local impacts from individual

1 facilities, and with consideration of the developments in
2 federal law and regulations that may affect any state
3 action, prior to making final decisions in Illinois; and

4 (5) establishment of a banking system, consistent
5 with the United States Department of Energy's voluntary
6 reporting system, for certifying credits for voluntary
7 offsets of emissions of greenhouse gases, as identified
8 by the United States Environmental Protection Agency, or
9 other voluntary reductions of greenhouse gases. Such
10 reduction efforts may include, but are not limited to,
11 carbon sequestration, technology-based control measures,
12 energy efficiency measures, and the use of renewable
13 energy sources.

14 The Agency shall consider the impact on the public
15 health, considering also energy supply, reliability and
16 costs, the role of renewable forms of energy, and
17 developments in federal law and regulations that may affect
18 any state actions, prior to making final decisions in
19 Illinois.

20 (c) Nothing in this Section is intended to or should be
21 interpreted in a manner to limit or restrict the authority of
22 the Illinois Environmental Protection Agency to propose, or
23 the Illinois Pollution Control Board to adopt, any
24 regulations applicable or that may become applicable to the
25 facilities covered by this Section that are required by
26 federal law.

27 (d) The Agency may file proposed rules with the Board to
28 effectuate its findings provided to the Senate Committee on
29 Environment and Energy and the House Committee on Environment
30 and Energy in accordance with subsection (b) of this Section.
31 Any such proposal shall not be submitted sooner than 90 days
32 after the issuance of the findings provided for in subsection
33 (b) of this Section. The Board shall take action on any such
34 proposal within one year of the Agency's filing of the

1 proposed rules.

2 Section 99. Effective date. This Act takes effect July

3 1, 2001.".