

AN ACT concerning environmental protection.

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

Section 5. The Illinois Income Tax Act is amended by changing Section 201 as follows:

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

Sec. 201. Tax Imposed.

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

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

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

(2) In the case of an individual, trust or estate, for taxable years beginning prior to July 1, 1989 and ending

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

(3) In the case of an individual, trust or estate, for taxable years beginning after June 30, 1989, an amount equal to 3% of the taxpayer's net income for the taxable year.

(4) (Blank).

(5) (Blank).

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

(7) In the case of a corporation, for taxable years beginning prior to July 1, 1989 and ending after June 30, 1989, an amount equal to the sum of (i) 4% of the taxpayer's net income for the period prior to July 1, 1989, as calculated under Section 202.3, and (ii) 4.8% of the taxpayer's net income for the period after June 30, 1989, as calculated under Section 202.3.

(8) In the case of a corporation, for taxable years beginning after June 30, 1989, an amount equal to 4.8% of the taxpayer's net income for the taxable year.

(c) Personal Property Tax Replacement Income Tax. Beginning on July 1, 1979 and thereafter, in addition to such

income tax, there is also hereby imposed the Personal Property Tax Replacement Income Tax measured by net income on every corporation (including Subchapter S corporations), partnership and trust, for each taxable year ending after June 30, 1979. Such taxes are imposed on the privilege of earning or receiving income in or as a resident of this State. The Personal Property Tax Replacement Income Tax shall be in addition to the income tax imposed by subsections (a) and (b) of this Section and in addition to all other occupation or privilege taxes imposed by this State or by any municipal corporation or political subdivision thereof.

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

(d-1) Rate reduction for certain foreign insurers. In the case of a foreign insurer, as defined by Section 35A-5 of the Illinois Insurance Code, whose state or country of domicile

imposes on insurers domiciled in Illinois a retaliatory tax (excluding any insurer whose premiums from reinsurance assumed are 50% or more of its total insurance premiums as determined under paragraph (2) of subsection (b) of Section 304, except that for purposes of this determination premiums from reinsurance do not include premiums from inter-affiliate reinsurance arrangements), beginning with taxable years ending on or after December 31, 1999, the sum of the rates of tax imposed by subsections (b) and (d) shall be reduced (but not increased) to the rate at which the total amount of tax imposed under this Act, net of all credits allowed under this Act, shall equal (i) the total amount of tax that would be imposed on the foreign insurer's net income allocable to Illinois for the taxable year by such foreign insurer's state or country of domicile if that net income were subject to all income taxes and taxes measured by net income imposed by such foreign insurer's state or country of domicile, net of all credits allowed or (ii) a rate of zero if no such tax is imposed on such income by the foreign insurer's state of domicile. For the purposes of this subsection (d-1), an inter-affiliate includes a mutual insurer under common management.

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

(A) the total amount of tax imposed on such foreign insurer under this Act for a taxable year, net of all

credits allowed under this Act, plus

(B) the privilege tax imposed by Section 409 of the Illinois Insurance Code, the fire insurance company tax imposed by Section 12 of the Fire Investigation Act, and the fire department taxes imposed under Section 11-10-1 of the Illinois Municipal Code, equals 1.25% for taxable years ending prior to December 31, 2003, or 1.75% for taxable years ending on or after December 31, 2003, of the net taxable premiums written for the taxable year, as described by subsection (1) of Section 409 of the Illinois Insurance Code. This paragraph will in no event increase the rates imposed under subsections (b) and (d).

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

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

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

(1) A taxpayer shall be allowed a credit equal to .5%

of the basis of qualified property placed in service during the taxable year, provided such property is placed in service on or after July 1, 1984. There shall be allowed an additional credit equal to .5% of the basis of qualified property placed in service during the taxable year, provided such property is placed in service on or after July 1, 1986, and the taxpayer's base employment within Illinois has increased by 1% or more over the preceding year as determined by the taxpayer's employment records filed with the Illinois Department of Employment Security. Taxpayers who are new to Illinois shall be deemed to have met the 1% growth in base employment for the first year in which they file employment records with the Illinois Department of Employment Security. The provisions added to this Section by Public Act 85-1200 (and restored by Public Act 87-895) shall be construed as declaratory of existing law and not as a new enactment. If, in any year, the increase in base employment within Illinois over the preceding year is less than 1%, the additional credit shall be limited to that percentage times a fraction, the numerator of which is .5% and the denominator of which is 1%, but shall not exceed .5%. The investment credit shall not be allowed to the extent that it would reduce a taxpayer's liability in any tax year below zero, nor may any credit for qualified property be allowed for any year other than the year in which the property was placed in

service in Illinois. For tax years ending on or after December 31, 1987, and on or before December 31, 1988, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit years if the taxpayer (i) makes investments which cause the creation of a minimum of 2,000 full-time equivalent jobs in Illinois, (ii) is located in an enterprise zone established pursuant to the Illinois Enterprise Zone Act and (iii) is certified by the Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity) as complying with the requirements specified in clause (i) and (ii) by July 1, 1986. The Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity) shall notify the Department of Revenue of all such certifications immediately. For tax years ending after December 31, 1988, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable

years following the excess credit years. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, earlier credit shall be applied first.

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

(A) is tangible, whether new or used, including buildings and structural components of buildings and signs that are real property, but not including land or improvements to real property that are not a structural component of a building such as landscaping, sewer lines, local access roads, fencing, parking lots, and other appurtenances;

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

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

(D) is used in Illinois by a taxpayer who is primarily engaged in manufacturing, or in mining coal or fluorite, or in retailing, or was placed in service on or after July 1, 2006 in a River Edge Redevelopment Zone established pursuant to the River Edge

Redevelopment Zone Act; and

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

(3) For purposes of this subsection (e), "manufacturing" means the material staging and production of tangible personal property by procedures commonly regarded as manufacturing, processing, fabrication, or assembling which changes some existing material into new shapes, new qualities, or new combinations. For purposes of this subsection (e) the term "mining" shall have the same meaning as the term "mining" in Section 613(c) of the Internal Revenue Code. For purposes of this subsection (e), the term "retailing" means the sale of tangible personal property or services rendered in conjunction with the sale of tangible consumer goods or commodities.

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

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

(6) The term "placed in service" shall have the same

meaning as under Section 46 of the Internal Revenue Code.

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

(8) Unless the investment credit is extended by law, the basis of qualified property shall not include costs incurred after December 31, 2008, except for costs incurred pursuant to a binding contract entered into on or before December 31, 2008.

(9) Each taxable year ending before December 31, 2000, a partnership may elect to pass through to its partners the credits to which the partnership is entitled under this subsection (e) for the taxable year. A partner may use the

credit allocated to him or her under this paragraph only against the tax imposed in subsections (c) and (d) of this Section. If the partnership makes that election, those credits shall be allocated among the partners in the partnership in accordance with the rules set forth in Section 704(b) of the Internal Revenue Code, and the rules promulgated under that Section, and the allocated amount of the credits shall be allowed to the partners for that taxable year. The partnership shall make this election on its Personal Property Tax Replacement Income Tax return for that taxable year. The election to pass through the credits shall be irrevocable.

For taxable years ending on or after December 31, 2000, a partner that qualifies its partnership for a subtraction under subparagraph (I) of paragraph (2) of subsection (d) of Section 203 or a shareholder that qualifies a Subchapter S corporation for a subtraction under subparagraph (S) of paragraph (2) of subsection (b) of Section 203 shall be allowed a credit under this subsection (e) equal to its share of the credit earned under this subsection (e) during the taxable year by the partnership or Subchapter S corporation, determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code. This paragraph is exempt from the provisions of Section 250.

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

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

of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, the credit accruing first in time shall be applied first.

(2) The term qualified property means property which:

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

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

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

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

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

(3) The basis of qualified property shall be the basis

used to compute the depreciation deduction for federal income tax purposes.

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

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

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

property to the extent of such reduction.

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

(g) Jobs Tax Credit; Enterprise Zone, River Edge Redevelopment Zone, and Foreign Trade Zone or Sub-Zone.

(1) A taxpayer conducting a trade or business in an enterprise zone or a High Impact Business designated by the Department of Commerce and Economic Opportunity or for taxable years ending on or after December 31, 2006, in a River Edge Redevelopment Zone conducting a trade or business in a federally designated Foreign Trade Zone or

Sub-Zone shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section in the amount of \$500 per eligible employee hired to work in the zone during the taxable year.

(2) To qualify for the credit:

(A) the taxpayer must hire 5 or more eligible employees to work in an enterprise zone, River Edge Redevelopment Zone, or federally designated Foreign Trade Zone or Sub-Zone during the taxable year;

(B) the taxpayer's total employment within the enterprise zone, River Edge Redevelopment Zone, or federally designated Foreign Trade Zone or Sub-Zone must increase by 5 or more full-time employees beyond the total employed in that zone at the end of the previous tax year for which a jobs tax credit under this Section was taken, or beyond the total employed by the taxpayer as of December 31, 1985, whichever is later; and

(C) the eligible employees must be employed 180 consecutive days in order to be deemed hired for purposes of this subsection.

(3) An "eligible employee" means an employee who is:

(A) Certified by the Department of Commerce and Economic Opportunity as "eligible for services" pursuant to regulations promulgated in accordance with Title II of the Job Training Partnership Act, Training

Services for the Disadvantaged or Title III of the Job Training Partnership Act, Employment and Training Assistance for Dislocated Workers Program.

(B) Hired after the enterprise zone, River Edge Redevelopment Zone, or federally designated Foreign Trade Zone or Sub-Zone was designated or the trade or business was located in that zone, whichever is later.

(C) Employed in the enterprise zone, River Edge Redevelopment Zone, or Foreign Trade Zone or Sub-Zone. An employee is employed in an enterprise zone or federally designated Foreign Trade Zone or Sub-Zone if his services are rendered there or it is the base of operations for the services performed.

(D) A full-time employee working 30 or more hours per week.

(4) For tax years ending on or after December 31, 1985 and prior to December 31, 1988, the credit shall be allowed for the tax year in which the eligible employees are hired. For tax years ending on or after December 31, 1988, the credit shall be allowed for the tax year immediately following the tax year in which the eligible employees are hired. If the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The

credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, earlier credit shall be applied first.

(5) The Department of Revenue shall promulgate such rules and regulations as may be deemed necessary to carry out the purposes of this subsection (g).

(6) The credit shall be available for eligible employees hired on or after January 1, 1986.

(h) Investment credit; High Impact Business.

(1) Subject to subsections (b) and (b-5) of Section 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for investment in qualified property which is placed in service by a Department of Commerce and Economic Opportunity designated High Impact Business. The credit shall be .5% of the basis for such property. The credit shall not be available (i) until the minimum investments in qualified property set forth in subdivision (a)(3)(A) of Section 5.5 of the Illinois Enterprise Zone Act have been satisfied or (ii) until the time authorized in subsection (b-5) of the Illinois Enterprise Zone Act for entities designated as High Impact Businesses under subdivisions (a)(3)(B), (a)(3)(C), and (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone Act, and shall not be allowed to the extent that it would

reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. The credit applicable to such investments shall be taken in the taxable year in which such investments have been completed. The credit for additional investments beyond the minimum investment by a designated high impact business authorized under subdivision (a) (3) (A) of Section 5.5 of the Illinois Enterprise Zone Act shall be available only in the taxable year in which the property is placed in service and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. For tax years ending on or after December 31, 1987, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, the credit accruing first in time shall be applied first.

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

(2) The term qualified property means property which:

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

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

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

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

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

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

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

(6) If during any taxable year ending on or before December 31, 1996, any property ceases to be qualified

property in the hands of the taxpayer within 48 months after being placed in service, or the situs of any qualified property is moved outside Illinois within 48 months after being placed in service, the tax imposed under subsections (a) and (b) of this Section for such taxable year shall be increased. Such increase shall be determined by (i) recomputing the investment credit which would have been allowed for the year in which credit for such property was originally allowed by eliminating such property from such computation, and (ii) subtracting such recomputed credit from the amount of credit previously allowed. For the purposes of this paragraph (6), a reduction of the basis of qualified property resulting from a redetermination of the purchase price shall be deemed a disposition of qualified property to the extent of such reduction.

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

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

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

If, during any taxable year ending on or after December 31, 1986, the tax imposed by subsections (c) and (d) of this

Section for which a taxpayer has claimed a credit under this subsection (i) is reduced, the amount of credit for such tax shall also be reduced. Such reduction shall be determined by recomputing the credit to take into account the reduced tax imposed by subsections (c) and (d). If any portion of the reduced amount of credit has been carried to a different taxable year, an amended return shall be filed for such taxable year to reduce the amount of credit claimed.

(j) Training expense credit. Beginning with tax years ending on or after December 31, 1986 and prior to December 31, 2003, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) under this Section for all amounts paid or accrued, on behalf of all persons employed by the taxpayer in Illinois or Illinois residents employed outside of Illinois by a taxpayer, for educational or vocational training in semi-technical or technical fields or semi-skilled or skilled fields, which were deducted from gross income in the computation of taxable income. The credit against the tax imposed by subsections (a) and (b) shall be 1.6% of such training expenses. For partners, shareholders of subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this subsection (j) to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and subchapter S of the

Internal Revenue Code.

Any credit allowed under this subsection which is unused in the year the credit is earned may be carried forward to each of the 5 taxable years following the year for which the credit is first computed until it is used. This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability the earliest credit arising under this subsection shall be applied first. No carryforward credit may be claimed in any tax year ending on or after December 31, 2003.

(k) Research and development credit.

For tax years ending after July 1, 1990 and prior to December 31, 2003, and beginning again for tax years ending on or after December 31, 2004, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for increasing research activities in this State. The credit allowed against the tax imposed by subsections (a) and (b) shall be equal to 6 1/2% of the qualifying expenditures for increasing research activities in this State. For partners, shareholders of subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this subsection to be determined in accordance with the determination of income and distributive share of income under

Sections 702 and 704 and subchapter S of the Internal Revenue Code.

For purposes of this subsection, "qualifying expenditures" means the qualifying expenditures as defined for the federal credit for increasing research activities which would be allowable under Section 41 of the Internal Revenue Code and which are conducted in this State, "qualifying expenditures for increasing research activities in this State" means the excess of qualifying expenditures for the taxable year in which incurred over qualifying expenditures for the base period, "qualifying expenditures for the base period" means the average of the qualifying expenditures for each year in the base period, and "base period" means the 3 taxable years immediately preceding the taxable year for which the determination is being made.

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

If an unused credit is carried forward to a given year from 2 or more earlier years, that credit arising in the earliest year will be applied first against the tax liability for the

given year. If a tax liability for the given year still remains, the credit from the next earliest year will then be applied, and so on, until all credits have been used or no tax liability for the given year remains. Any remaining unused credit or credits then will be carried forward to the next following year in which a tax liability is incurred, except that no credit can be carried forward to a year which is more than 5 years after the year in which the expense for which the credit is given was incurred.

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

(1) Environmental Remediation Tax Credit.

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

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

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

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

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

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

(m) Education expense credit. Beginning with tax years ending after December 31, 1999, a taxpayer who is the custodian of one or more qualifying pupils shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for qualified education expenses incurred on behalf of the qualifying pupils. The credit shall be equal to 25% of qualified education expenses, but in no event may the total credit under this subsection claimed by a family that is the custodian of qualifying pupils exceed \$500. In no event shall a credit under this subsection reduce the taxpayer's liability under this Act to less than zero. This subsection is exempt from the provisions of Section 250 of this Act.

For purposes of this subsection:

"Qualifying pupils" means individuals who (i) are residents of the State of Illinois, (ii) are under the age of 21 at the close of the school year for which a credit is

sought, and (iii) during the school year for which a credit is sought were full-time pupils enrolled in a kindergarten through twelfth grade education program at any school, as defined in this subsection.

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

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

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

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

(i) For tax years ending on or after December 31, 2006, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for certain amounts paid for unreimbursed eligible remediation costs, as specified in this subsection. For purposes of this Section, "unreimbursed eligible remediation costs"

means costs approved by the Illinois Environmental Protection Agency ("Agency") under Section 58.14a ~~58.14~~ of the Environmental Protection Act that were paid in performing environmental remediation at a site within a River Edge Redevelopment Zone for which a No Further Remediation Letter was issued by the Agency and recorded under Section 58.10 of the Environmental Protection Act. The credit must be claimed for the taxable year in which Agency approval of the eligible remediation costs is granted. The credit is not available to any taxpayer if the taxpayer or any related party caused or contributed to, in any material respect, a release of regulated substances on, in, or under the site that was identified and addressed by the remedial action pursuant to the Site Remediation Program of the Environmental Protection Act. Determinations as to credit availability for purposes of this Section shall be made consistent with rules adopted by the Pollution Control Board pursuant to the Illinois Administrative Procedure Act for the administration and enforcement of Section 58.9 of the Environmental Protection Act. For purposes of this Section, "taxpayer" includes a person whose tax attributes the taxpayer has succeeded to under Section 381 of the Internal Revenue Code and "related party" includes the persons disallowed a deduction for losses by paragraphs (b), (c), and (f)(1) of Section 267 of the Internal Revenue Code by virtue of being

a related taxpayer, as well as any of its partners. The credit allowed against the tax imposed by subsections (a) and (b) shall be equal to 25% of the unreimbursed eligible remediation costs in excess of \$100,000 per site.

(ii) A credit allowed under this subsection that is unused in the year the credit is earned may be carried forward to each of the 5 taxable years following the year for which the credit is first earned until it is used. This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability, the earliest credit arising under this subsection shall be applied first. A credit allowed under this subsection may be sold to a buyer as part of a sale of all or part of the remediation site for which the credit was granted. The purchaser of a remediation site and the tax credit shall succeed to the unused credit and remaining carry-forward period of the seller. To perfect the transfer, the assignor shall record the transfer in the chain of title for the site and provide written notice to the Director of the Illinois Department of Revenue of the assignor's intent to sell the remediation site and the amount of the tax credit to be transferred as a portion of the sale. In no event may a credit be transferred to any taxpayer if the taxpayer or a related party would not be eligible under the provisions of subsection (i).

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

(iv) This subsection is exempt from the provisions of Section 250.

(Source: P.A. 93-29, eff. 6-20-03; 93-840, eff. 7-30-04; 93-871, eff. 8-6-04; 94-1021, eff. 7-12-06.)

Section 10. The Environmental Protection Act is amended by changing Section 25d-3 and 58.2 and 58.14 and by adding Section 58.14a as follows:

(415 ILCS 5/25d-3)

Sec. 25d-3. Notices.

(a) Beginning January 1, 2006, if the Agency determines that:

(1) Soil contamination beyond the boundary of the site where the release occurred poses a threat of exposure to the public above the appropriate Tier 1 remediation objectives, based on the current use of the off-site property, adopted by the Board under Title XVII of this Act, the Agency shall give notice of the threat to the owner of the contaminated property; or

(2) Groundwater contamination poses a threat of exposure to the public above the Class I groundwater quality standards adopted by the Board under this Act and

the Groundwater Protection Act, the Agency shall give notice of the threat to the following:

(A) for any private, semi-private, or non-community water system, the owners of the properties served by the system; and

(B) for any community water system, the owners and operators of the system.

The Agency's determination must be based on the credible, scientific information available to it, and the Agency is not required to perform additional investigations or studies beyond those required by applicable federal or State laws.

(b) Beginning January 1, 2006, if any of the following actions occur: (i) the Agency refers a matter for enforcement under Section 43(a) of this Act; (ii) the Agency issues a seal order under Section 34~~(a)~~ of this Act; or (iii) the Agency, the United States Environmental Protection Agency (USEPA), or a third party under Agency or USEPA oversight performs an immediate removal under the federal Comprehensive Environmental Response, Compensation, and Liability Act, as amended, then, within 60 days after the action, the Agency must give notice of the action to the owners of all property within 2,500 feet of the subject contamination or any closer or farther distance that the Agency deems appropriate under the circumstances. Within 30 days after a request by the Agency, the appropriate officials of the county in which the property is located must provide to the Agency the names and addresses

of all property owners to whom the Agency is required to give notice under this subsection (b), these owners being the persons or entities that appear from the authentic tax records of the county.

(c) The methods by which the Agency gives the notices required under this Section shall be determined in consultation with members of the public and appropriate members of the regulated community and may include, but shall not be limited to, personal notification, public meetings, signs, electronic notification, and print media. For sites at which a responsible party has implemented a community relations plan, the Agency may allow the responsible party to provide Agency-approved notices in lieu of the notices required to be given by the Agency. Notices issued under this Section may contain the following information:

(1) the name and address of the site or facility where the release occurred or is suspected to have occurred;

(2) the identification of the contaminant released or suspected to have been released;

(3) information as to whether the contaminant was released or suspected to have been released into the air, land, or water;

(4) a brief description of the potential adverse health effects posed by the contaminant;

(5) a recommendation that water systems with wells impacted or potentially impacted by the contaminant be

appropriately tested; and

(6) the name, business address, and phone number of persons at the Agency from whom additional information about the release or suspected release can be obtained.

(d) Any person who is a responsible party with respect to the release or substantial threat of release for which notice is given under this Section is liable for all reasonable costs incurred by the State in giving the notice. All moneys received by the State under this subsection (d) for costs related to releases and substantial threats of releases of hazardous substances, pesticides, and petroleum other than releases and substantial threats of releases of petroleum from underground storage tanks subject to Title XVI of this Act must be deposited in and used for purposes consistent with the Hazardous Waste Fund. All moneys received by the State under this subsection (d) for costs related to releases and substantial threats of releases of petroleum from underground storage tanks subject to Title XVI of this Act must be deposited in and used for purposes consistent with the Underground Storage Tank Fund.

(Source: P.A. 94-314, eff. 7-25-05.)

(415 ILCS 5/58.2)

Sec. 58.2. Definitions. The following words and phrases when used in this Title shall have the meanings given to them in this Section unless the context clearly indicates otherwise:

"Agrichemical facility" means a site on which agricultural pesticides are stored or handled, or both, in preparation for end use, or distributed. The term does not include basic manufacturing facility sites.

"ASTM" means the American Society for Testing and Materials.

"Area background" means concentrations of regulated substances that are consistently present in the environment in the vicinity of a site that are the result of natural conditions or human activities, and not the result solely of releases at the site.

"Brownfields site" or "brownfields" means a parcel of real property, or a portion of the parcel, that has actual or perceived contamination and an active potential for redevelopment.

"Class I groundwater" means groundwater that meets the Class I Potable Resource groundwater criteria set forth in the Board rules adopted under the Illinois Groundwater Protection Act.

"Class III groundwater" means groundwater that meets the Class III Special Resource Groundwater criteria set forth in the Board rules adopted under the Illinois Groundwater Protection Act.

"Carcinogen" means a contaminant that is classified as a Category A1 or A2 Carcinogen by the American Conference of Governmental Industrial Hygienists; or a Category 1 or 2A/2B

Carcinogen by the World Health Organizations International Agency for Research on Cancer; or a "Human Carcinogen" or "Anticipated Human Carcinogen" by the United States Department of Health and Human Service National Toxicological Program; or a Category A or B1/B2 Carcinogen by the United States Environmental Protection Agency in Integrated Risk Information System or a Final Rule issued in a Federal Register notice by the USEPA as of the effective date of this amendatory Act of 1995.

"Licensed Professional Engineer" (LPE) means a person, corporation, or partnership licensed under the laws of this State to practice professional engineering.

"Licensed Professional Geologist" means a person licensed under the laws of the State of Illinois to practice as a professional geologist.

"RELPEG" means a Licensed Professional Engineer or a Licensed Professional Geologist engaged in review and evaluation under this Title.

"Man-made pathway" means constructed routes that may allow for the transport of regulated substances including, but not limited to, sewers, utility lines, utility vaults, building foundations, basements, crawl spaces, drainage ditches, or previously excavated and filled areas.

"Municipality" means an incorporated city, village, or town in this State. "Municipality" does not mean a township, town when that term is used as the equivalent of a township,

incorporated town that has superseded a civil township, county, or school district, park district, sanitary district, or similar governmental district.

"Natural pathway" means natural routes for the transport of regulated substances including, but not limited to, soil, groundwater, sand seams and lenses, and gravel seams and lenses.

"Person" means individual, trust, firm, joint stock company, joint venture, consortium, commercial entity, corporation (including a government corporation), partnership, association, State, municipality, commission, political subdivision of a State, or any interstate body including the United States Government and each department, agency, and instrumentality of the United States.

"Regulated substance" means any hazardous substance as defined under Section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (P.L. 96-510) and petroleum products including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas).

"Remedial action" means activities associated with compliance with the provisions of Sections 58.6 and 58.7.

"Remediation Applicant" (RA) means any person seeking to perform or performing investigative or remedial activities under this Title, including the owner or operator of the site

or persons authorized by law or consent to act on behalf of or in lieu of the owner or operator of the site.

"Remediation costs" means reasonable costs paid for investigating and remediating regulated substances of concern consistent with the remedy selected for a site.

For purposes of Section 58.14, "remediation costs" shall not include costs incurred prior to January 1, 1998, costs incurred after the issuance of a No Further Remediation Letter under Section 58.10 of this Act, or costs incurred more than 12 months prior to acceptance into the Site Remediation Program.

For the purpose of Section 58.14a, "remediation costs" do not include any costs incurred before January 1, 2007, any costs incurred after the issuance of a No Further Remediation Letter under Section 58.10, or any costs incurred more than 12 months before acceptance into the Site Remediation Program.

"Residential property" means any real property that is used for habitation by individuals and other property uses defined by Board rules such as education, health care, child care and related uses.

"River Edge Redevelopment Zone" has the meaning set forth under the River Edge Redevelopment Zone Act.

"Site" means any single location, place, tract of land or parcel of property, or portion thereof, including contiguous property separated by a public right-of-way.

"Regulated substance of concern" means any contaminant that is expected to be present at the site based upon past and

current land uses and associated releases that are known to the Remediation Applicant based upon reasonable inquiry.

(Source: P.A. 92-735, eff. 7-25-02.)

(415 ILCS 5/58.14)

Sec. 58.14. Environmental Remediation Tax Credit review.

(a) Prior to applying for the Environmental Remediation Tax Credit under Section 201 of the Illinois Income Tax Act, Remediation Applicants shall first submit to the Agency an application for review of remediation costs. ~~The Agency shall review the application jointly with the Department of Commerce and Economic Opportunity.~~ The application and review process shall be conducted in accordance with the requirements of this Section and the rules adopted under subsection (g). A preliminary review of the estimated remediation costs for development and implementation of the Remedial Action Plan may be obtained in accordance with subsection (d).

(b) No application for review shall be submitted until a No Further Remediation Letter has been issued by the Agency and recorded in the chain of title for the site in accordance with Section 58.10. The Agency shall review the application to determine whether the costs submitted are remediation costs, and whether the costs incurred are reasonable. The application shall be on forms prescribed and provided by the Agency. At a minimum, the application shall include the following:

(1) information identifying the Remediation Applicant

and the site for which the tax credit is being sought and the date of acceptance of the site into the Site Remediation Program;

(2) a copy of the No Further Remediation Letter with official verification that the letter has been recorded in the chain of title for the site and a demonstration that the site for which the application is submitted is the same site as the one for which the No Further Remediation Letter is issued;

(3) a demonstration that the release of the regulated substances of concern for which the No Further Remediation Letter was issued were not caused or contributed to in any material respect by the Remediation Applicant. After the Pollution Control Board rules are adopted pursuant to the Illinois Administrative Procedure Act for the administration and enforcement of Section 58.9 of the Environmental Protection Act, determinations as to credit availability shall be made consistent with those rules;

(4) an itemization and documentation, including receipts, of the remediation costs incurred;

(5) a demonstration that the costs incurred are remediation costs as defined in this Act and its rules;

(6) a demonstration that the costs submitted for review were incurred by the Remediation Applicant who received the No Further Remediation Letter;

(7) an application fee in the amount set forth in

subsection (e) for each site for which review of remediation costs is requested and, if applicable, certification from the Department of Commerce and Economic Opportunity that the site is located in an enterprise zone;

(8) any other information deemed appropriate by the Agency.

(c) Within 60 days after receipt by the Agency of an application meeting the requirements of subsection (b), the Agency shall issue a letter to the applicant approving, disapproving, or modifying the remediation costs submitted in the application. If the remediation costs are approved as submitted, the Agency's letter shall state the amount of the remediation costs to be applied toward the Environmental Remediation Tax Credit. If an application is disapproved or approved with modification of remediation costs, the Agency's letter shall set forth the reasons for the disapproval or modification and state the amount of the remediation costs, if any, to be applied toward the Environmental Remediation Tax Credit.

If a preliminary review of a budget plan has been obtained under subsection (d), the Remediation Applicant may submit, with the application and supporting documentation under subsection (b), a copy of the Agency's final determination accompanied by a certification that the actual remediation costs incurred for the development and implementation of the Remedial Action Plan are equal to or less than the costs

approved in the Agency's final determination on the budget plan. The certification shall be signed by the Remediation Applicant and notarized. Based on that submission, the Agency shall not be required to conduct further review of the costs incurred for development and implementation of the Remedial Action Plan and may approve costs as submitted.

Within 35 days after receipt of an Agency letter disapproving or modifying an application for approval of remediation costs, the Remediation Applicant may appeal the Agency's decision to the Board in the manner provided for the review of permits in Section 40 of this Act.

(d) (1) A Remediation Applicant may obtain a preliminary review of estimated remediation costs for the development and implementation of the Remedial Action Plan by submitting a budget plan along with the Remedial Action Plan. The budget plan shall be set forth on forms prescribed and provided by the Agency and shall include but shall not be limited to line item estimates of the costs associated with each line item (such as personnel, equipment, and materials) that the Remediation Applicant anticipates will be incurred for the development and implementation of the Remedial Action Plan. The Agency shall review the budget plan along with the Remedial Action Plan to determine whether the estimated costs submitted are remediation costs and whether the costs estimated for the activities are reasonable.

(2) If the Remedial Action Plan is amended by the Remediation Applicant or as a result of Agency action, the corresponding budget plan shall be revised accordingly and resubmitted for Agency review.

(3) The budget plan shall be accompanied by the applicable fee as set forth in subsection (e).

(4) Submittal of a budget plan shall be deemed an automatic 60-day waiver of the Remedial Action Plan review deadlines set forth in this Section and its rules.

(5) Within the applicable period of review, the Agency shall issue a letter to the Remediation Applicant approving, disapproving, or modifying the estimated remediation costs submitted in the budget plan. If a budget plan is disapproved or approved with modification of estimated remediation costs, the Agency's letter shall set forth the reasons for the disapproval or modification.

(6) Within 35 days after receipt of an Agency letter disapproving or modifying a budget plan, the Remediation Applicant may appeal the Agency's decision to the Board in the manner provided for the review of permits in Section 40 of this Act.

(e) The fees for reviews conducted under this Section are in addition to any other fees or payments for Agency services rendered pursuant to the Site Remediation Program and shall be as follows:

(1) The fee for an application for review of

remediation costs shall be \$1,000 for each site reviewed.

(2) The fee for the review of the budget plan submitted under subsection (d) shall be \$500 for each site reviewed.

(3) In the case of a Remediation Applicant submitting for review total remediation costs of \$100,000 or less for a site located within an enterprise zone ~~a River Edge Redevelopment Zone~~ (as set forth in paragraph (i) of subsection (1) ~~(n)~~ of Section 201 of the Illinois Income Tax Act), the fee for an application for review of remediation costs shall be \$250 for each site reviewed. For those sites, there shall be no fee for review of a budget plan under subsection (d).

The application fee shall be made payable to the State of Illinois, for deposit into the Hazardous Waste Fund.

Pursuant to appropriation, the Agency shall use the fees collected under this subsection for development and administration of the review program.

(f) The Agency shall have the authority to enter into any contracts or agreements that may be necessary to carry out its duties and responsibilities under this Section.

(g) Within 6 months after July 21, 1997, the Agency shall propose rules prescribing procedures and standards for its administration of this Section. Within 6 months after receipt of the Agency's proposed rules, the Board shall adopt on second notice, pursuant to Sections 27 and 28 of this Act and the Illinois Administrative Procedure Act, rules that are

consistent with this Section. Prior to the effective date of rules adopted under this Section, the Agency may conduct reviews of applications under this Section and the Agency is further authorized to distribute guidance documents on costs that are eligible or ineligible as remediation costs.

(Source: P.A. 94-793, eff. 5-19-06; 94-1021, eff. 7-12-06.)

(415 ILCS 5/58.14a new)

Sec. 58.14a. River Edge Redevelopment Zone Site Remediation Tax Credit Review.

(a) Prior to applying for the River Edge Redevelopment Zone site remediation tax credit under subsection (n) of Section 201 of the Illinois Income Tax Act, a Remediation Applicant must first submit to the Agency an application for review of remediation costs. The Agency shall review the application in consultation with the Department of Commerce and Economic Opportunity. The application and review process must be conducted in accordance with the requirements of this Section and the rules adopted under subsection (g). A preliminary review of the estimated remediation costs for development and implementation of the Remedial Action Plan may be obtained in accordance with subsection (d).

(b) No application for review may be submitted until a No Further Remediation Letter has been issued by the Agency and recorded in the chain of title for the site in accordance with Section 58.10. The Agency shall review the application to

determine whether the costs submitted are remediation costs and whether the costs incurred are reasonable. The application must be on forms prescribed and provided by the Agency. At a minimum, the application must include the following:

(1) information identifying the Remediation Applicant, the site for which the tax credit is being sought, and the date of acceptance of the site into the Site Remediation Program;

(2) a copy of the No Further Remediation Letter with official verification that the letter has been recorded in the chain of title for the site and a demonstration that the site for which the application is submitted is the same site as the one for which the No Further Remediation Letter is issued;

(3) a demonstration that the release of the regulated substances of concern for which the No Further Remediation Letter was issued were not caused or contributed to in any material respect by the Remediation Applicant. Determinations as to credit availability shall be made consistent with the Pollution Control Board rules for the administration and enforcement of Section 58.9 of this Act;

(4) an itemization and documentation, including receipts, of the remediation costs incurred;

(5) a demonstration that the costs incurred are remediation costs as defined in this Act and its rules;

(6) a demonstration that the costs submitted for review

were incurred by the Remediation Applicant who received the No Further Remediation Letter;

(7) an application fee in the amount set forth in subsection (e) for each site for which review of remediation costs is requested and, if applicable, certification from the Department of Commerce and Economic Opportunity that the site is located in a River Edge Redevelopment Zone; and

(8) any other information deemed appropriate by the Agency.

(c) Within 60 days after receipt by the Agency of an application meeting the requirements of subsection (b), the Agency shall issue a letter to the applicant approving, disapproving, or modifying the remediation costs submitted in the application. If the remediation costs are approved as submitted, then the Agency's letter must state the amount of the remediation costs to be applied toward the River Edge Redevelopment Zone site remediation tax credit. If an application is disapproved or approved with modification of remediation costs, then the Agency's letter must set forth the reasons for the disapproval or modification and must state the amount of the remediation costs, if any, to be applied toward the River Edge Redevelopment Zone site remediation tax credit.

If a preliminary review of a budget plan has been obtained under subsection (d), then the Remediation Applicant may submit, with the application and supporting documentation

under subsection (b), a copy of the Agency's final determination accompanied by a certification that the actual remediation costs incurred for the development and implementation of the Remedial Action Plan are equal to or less than the costs approved in the Agency's final determination on the budget plan. The certification must be signed by the Remediation Applicant and notarized. Based on that submission, the Agency is not required to conduct further review of the costs incurred for development and implementation of the Remedial Action Plan, and it may approve the costs as submitted. Within 35 days after the receipt of an Agency letter disapproving or modifying an application for approval of remediation costs, the Remediation Applicant may appeal the Agency's decision to the Board in the manner provided for the review of permits under Section 40 of this Act.

(d) A Remediation Applicant may obtain a preliminary review of estimated remediation costs for the development and implementation of the Remedial Action Plan by submitting a budget plan along with the Remedial Action Plan. The budget plan must be set forth on forms prescribed and provided by the Agency and must include, without limitation, line-item estimates of the costs associated with each line item (such as personnel, equipment, and materials) that the Remediation Applicant anticipates will be incurred for the development and implementation of the Remedial Action Plan. The Agency shall review the budget plan along with the Remedial Action Plan to

determine whether the estimated costs submitted are remediation costs and whether the costs estimated for the activities are reasonable.

If the Remedial Action Plan is amended by the Remediation Applicant or as a result of Agency action, then the corresponding budget plan must be revised accordingly and resubmitted for Agency review.

The budget plan must be accompanied by the applicable fee as set forth in subsection (e).

The submittal of a budget plan is deemed to be an automatic 60-day waiver of the Remedial Action Plan review deadlines set forth in this Section and its rules.

Within the applicable period of review, the Agency shall issue a letter to the Remediation Applicant approving, disapproving, or modifying the estimated remediation costs submitted in the budget plan. If a budget plan is disapproved or approved with modification of estimated remediation costs, then the Agency's letter must set forth the reasons for the disapproval or modification.

Within 35 days after receipt of an Agency letter disapproving or modifying a budget plan, the Remediation Applicant may appeal the Agency's decision to the Board in the manner provided for the review of permits under Section 40 of this Act.

(e) Any fee for a review conducted under this Section is in addition to any other fees or payments for Agency services

rendered under the Site Remediation Program. The fees under this Section are as follows:

(1) the fee for an application for review of remediation costs is \$250 for each site reviewed; and

(2) there is no fee for the review of the budget plan submitted under subsection (d).

The application fee must be made payable to the State of Illinois, for deposit into the Hazardous Waste Fund. Pursuant to appropriation, the Agency shall use the fees collected under this subsection for development and administration of the review program.

(f) The Agency has the authority to enter into any contracts or agreements that may be necessary to carry out its duties and responsibilities under this Section.

(g) The Agency shall adopt rules prescribing procedures and standards for its administration of this Section. Prior to the effective date of rules adopted under this Section, the Agency may conduct reviews of applications under this Section. The Agency may publish informal guidelines concerning this Section to provide guidance.

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