100TH GENERAL ASSEMBLY
State of Illinois
2017 and 2018
SB3574


SYNOPSIS AS INTRODUCED:

New Act
5 ILCS 100/5-45 from Ch. 127, par. 1005-45
30 ILCS 105/5.886 new
35 ILCS 5/201 from Ch. 120, par. 2-201
35 ILCS 120/5k-1 new
65 ILCS 5/8-11-2 from Ch. 24, par. 8-11-2
220 ILCS 5/9-221 from Ch. 111 2/3, par. 9-221
220 ILCS 5/9-222 from Ch. 111 2/3, par. 9-222
220 ILCS 5/9-222.1b new

Creates the Illinois Energy Transition Zone Act. Provides for the certification by the Department of Commerce and Economic Opportunity of municipal ordinances designating an area as an Energy Transition Zone. Provides that green energy enterprises located in Energy Transition Zones shall be eligible to apply for certain tax incentives. Provides that a green energy enterprise is a company that is engaged in the production of solar energy, wind energy, water energy, geothermal energy, bioenergy, or hydrogen fuel and cells. Contains provisions concerning qualifications and applications. Creates the Energy Transition Tax Credit Act. Provides that the Department of Commerce and Economic Opportunity shall make income tax credit awards under the Act to foster job creation and the development of green energy in Energy Transition Zones. Amends the Illinois Income Tax Act, the Retailers' Occupation Tax Act, and the Public Utilities Act to make conforming changes concerning tax incentives. Effective immediately.

LRB100 19829 HLH 35105 b

FISCAL NOTE ACT
MAY APPLY
AN ACT concerning revenue.

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

Article 1. Illinois Energy Transition Zone Act

Section 1-1. Short title. This Article may be cited as the Illinois Energy Transition Zone Act. References in this Article to "this Act" mean this Article.

Section 1-5. Findings. The General Assembly finds and declares that the health, safety, and welfare of the people of this State are dependent upon a healthy economy and vibrant communities; that the closure of coal energy plants, coal mines, and nuclear energy plants across the state are detrimental to maintaining a healthy economy and vibrant communities; that the expansion of green energy creates significant job growth and contributes significantly to the health, safety, and welfare of the people of this State; that the continual encouragement, development, growth and expansion of green energy within the State requires a cooperative and continuous partnership between government and the green energy sector; and that there are certain depressed areas in this State that have lost jobs due to the closure of coal energy plants, coal mines, and nuclear energy plants and need the
particular attention of government, labor and the citizens of Illinois to help attract green energy investment into these areas and directly aid the local community and its residents. Therefore, it is declared to be the purpose of this Act to explore ways of stimulating the growth of green energy in the State and to foster job growth in areas depressed by the closure of coal energy plants, coal mines and nuclear energy plants.

Section 1-10. Definitions. As used in this Act, unless the context otherwise requires:

"Agency" has the meaning provided in Section 1-7 of the Illinois State Auditing Act.

"Board" means the Energy Transition Zone Board created in Section 1-45.

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

"Depressed area" means an area in which pervasive poverty, unemployment, and economic distress exist.

"Energy Transition Zone" means an area of the State certified by the Department as an Energy Transition Zone pursuant to this Act.

"Full-time equivalent job" means a job in which the new employee works for the recipient or for a corporation under contract to the recipient at a rate of at least 35 hours per week. A recipient who employs labor or services at a specific
site or facility under contract with another may declare one
full-time, permanent job for every 1,820 man hours worked per
year under that contract. Vacations, paid holidays, and sick
time are included in this computation. Overtime is not
considered a part of regular hours.

"Full-time retained job" means any employee defined as
having a full-time or full-time equivalent job preserved at a
specific facility or site, the continuance of which is
threatened by a specific and demonstrable threat, which shall
be specified in the application for development assistance. A
recipient who employs labor or services at a specific site or
facility under contract with another may declare one retained
employee per year for every 1,750 man hours worked per year
under that contract, even if different individuals perform
on-site labor or services.

"Green energy enterprise" means a company that is engaged
in the production of solar energy, wind energy, water energy,
geothermal energy, bioenergy, or hydrogen fuel and cells.

"Green energy project" means a project conducted by a green
energy enterprise for the purpose of generating solar energy,
wind energy, water energy, geothermal energy, bioenergy, or
hydrogen fuel and cells.

"Local labor market area" means an economically integrated
area within which individuals can reside and find employment
within a reasonable distance or can readily change jobs without
changing their place of residence.
"Rule" has the meaning provided in Section 1-70 of the Illinois Administrative Procedure Act.

Section 1-15. Qualifications for Energy Transition Zones.
(a) An area is qualified to become an Energy Transition Zone which:

(1) is a contiguous area, provided that a Zone area may exclude wholly surrounded territory within its boundaries;
(2) comprises a minimum of one-half square mile and not more than 12 square miles, exclusive of lakes and waterways;
(3) is entirely within a single municipality;
(4) satisfies any additional criteria established by the Department consistent with the purposes of this Act; and
(5) meets one or more of the following:
   (A) the area contains a coal energy plant that was retired from service within 10 years of application for designation;
   (B) the area contains a coal mine that was closed within 10 years of application for designation; and
   (C) the area contains a nuclear energy plant that was retired from service within 10 years of application for designation.

Section 1-20. Entities eligible to receive tax benefits.
Green energy enterprises are eligible to receive certain tax benefits under this Act for green energy projects conducted within an Energy Transition Zone.

Section 1-25. Incentives for green energy enterprises located within an Energy Transition Zone.

(a) Green energy enterprises located in Energy Transition Zones are eligible to apply for a State income tax credit under the Energy Transition Zone Tax Credit Act.

(b) Green energy enterprises located in Energy Transition Zones will be eligible to receive an investment credit subject to the requirements of subsection (f-1) of Section 201 of the Illinois Income Tax Act.

(c) Green energy enterprises are eligible to purchase building materials exempt from use and occupation taxes to be incorporated into their green energy projects within the Energy Transition Zone when purchased from a retailer within the Energy Transition Zone pursuant to Section 5k-1 of the Retailers' Occupation Tax Act.

(d) Green energy enterprises located in an Energy Transition Zone that meet the qualifications of Section 9-222.1B of the Illinois Public Utilities Act are exempt, in part or whole, from State and local taxes on gas and electricity.

Section 1-30. Initiation of Energy Transition Zones by
municipality or county.

(a) No area may be designated as an Energy Transition Zone except pursuant to an initiating ordinance adopted in accordance with this Section.

(b) A municipality may by ordinance designate an area within its jurisdiction as an Energy Transition Zone, subject to the certification of the Department in accordance with this Act, if:

(1) the area is qualified in accordance with Section 1-15; and

(2) the municipality has conducted at least one public hearing within the proposed Zone area considering all of the following questions: whether to create the Zone; what local plans, tax incentives and other programs should be established in connection with the Zone; and what the boundaries of the Zone should be; public notice of the hearing shall be published in at least one newspaper of general circulation within the Zone area, not more than 20 days nor less than 5 days before the hearing.

(c) An ordinance designating an area as an Energy Transition Zone shall set forth:

(1) a precise description of the area comprising the Zone, either in the form of a legal description or by reference to roadways, lakes and waterways, and township, county boundaries;

(2) a finding that the Zone area meets the
qualifications of Section 1-15;

(3) provisions for any tax incentives or reimbursement for taxes, which pursuant to State and federal law apply to green energy enterprises within the Zone at the election of the designating municipality, and which are not applicable throughout the municipality;

(4) a designation of the area as an Energy Transition Zone, subject to the approval of the Department in accordance with this Act; and

(5) the duration or term of the Energy Transition Zone.

(d) This Section does not prohibit a municipality from extending additional tax incentives or reimbursement for business enterprises in Energy Transition Zones or throughout their territory by separate ordinance.

Section 1-35. Application to Department. A municipality which has adopted an ordinance designating an area as an Energy Transition Zone shall make written application to the Department to have such proposed Energy Transition Zone certified by the Department as an Energy Transition Zone. The application shall include:

(1) a certified copy of the ordinance designating the proposed Zone;

(2) a map of the proposed Energy Transition Zone, showing existing streets and highways;

(3) an analysis, and any appropriate supporting
documents and statistics, demonstrating that the proposed Zone area is qualified in accordance with Section 1-15;

(4) a statement detailing any tax, grant, and other financial incentives or benefits, and any programs, to be provided by the municipality or county to green energy enterprises within the Zone, other than those provided in the designating ordinance, which are not to be provided throughout the municipality or county;

(5) a statement setting forth the economic development and planning objectives for the Zone;

(6) an estimate of the economic impact of the Zone, considering all of the tax incentives, financial benefits and programs contemplated, upon the revenues of the municipality or county;

(7) a transcript of all public hearings on the Zone;

and

(8) such additional information as the Department may by rule require.

Section 1-40. Department review of Energy Transition Zone applications.

(a) All applications which are to be considered and acted upon by the Department during a calendar year must be received by the Department no later than December 31 of the preceding calendar year.

Any application received after December 31 of any calendar
year shall be held by the Department for consideration and 
action during the following calendar year. Each Energy 
Transition Zone application shall include a specific 
definition of the applicant's local labor market area.

(a-5) The Department shall, no later than July 31, 2019, 
develop an application process for an Energy Transition Zone 
application. The Department has emergency rulemaking authority 
for the purpose of application development only until 12 months 
after the effective date of this Act under subsection (aa) of 
Section 5-45 of the Illinois Administrative Procedure Act.

(b) Upon receipt of an application from a municipality the 
Department shall review the application to determine whether 
the designated area qualifies as an Energy Transition Zone 
under Section 1-15 of this Act.

(c) No later than June 30, the Department shall notify all 
applicant municipalities of the Department's determination of 
the qualification of their respective designated energy 
transition Zone areas, along with supporting documentation of 
the basis for the Department's decision.

(d) If any such designated area is found to be qualified to 
be an Energy Transition Zone by the Department under subsection 
(c) of this Section, the Department shall, no later than July 
15, send a letter of notification to each member of the General 
Assembly whose legislative district or representative district 
contains all or part of the designated area and publish a 
notice in at least one newspaper of general circulation within
the proposed Zone area to notify the general public of the
application and their opportunity to comment. Such notice shall
include a description of the area and a brief summary of the
application and shall indicate locations where the applicant
has provided copies of the application for public inspection.
The notice shall also indicate appropriate procedures for the
filing of written comments from Zone residents, business, civic
and other organizations and property owners to the Department.

Section 1-45. Energy Transition Zone Board.
(a) An Energy Transition Zone Board is hereby created
within the Department.
(b) The Board shall consist of the following 5 members:
   (1) the Director of Commerce and Economic Opportunity,
or his or her designee, who shall serve as chairperson;
   (2) the Director of Revenue, or his or her designee;
and
   (3) 3 members appointed by the Governor, with the
       advice and consent of the Senate.
       Board members shall serve without compensation but may be
       reimbursed for necessary expenses incurred in the performance
       of their duties from funds appropriated for that purpose.
   (c) Each member appointed under paragraph (3) of subsection
       (b) shall have at least 5 years of experience in business,
       economic development, or site location.
   (d) Of the initial members appointed under paragraph (3) of
subsection (b): one member shall serve for a term of 2 years; one member shall serve for a term of 3 years; and one member shall serve for a term of 4 years. Thereafter, all members appointed under paragraph (3) of subsection (b) shall serve for terms of 4 years. Members appointed under paragraph (3) of subsection (b) may be reappointed. The Governor may remove a member appointed under paragraph (3) of subsection (b) for incompetence, neglect of duty, or malfeasance in office.

(e) By September 30, 2019, and September 30 of each year thereafter, all applications filed by December 31 of the preceding calendar year and deemed qualified by the Department shall be approved or denied by the Board. If such application is not approved by September 30, the application shall be considered denied. If an application is denied, the Board shall inform the applicant of the specific reasons for the denial.

(f) A majority of the Board shall determine whether an application is approved or denied.

Section 1-50. Certification of Energy Transition Zones; effective date.

(a) Certification of Board-approved designated Energy Transition Zones shall be made by the Department by certification of the designating ordinance. The Department shall promptly issue a certificate for each Energy Transition Zone upon approval by the Board. The certificate shall be signed by the Director of the Department, shall make specific
reference to the designating ordinance, which shall be attached	hereto, and shall be filed in the office of the Secretary of
State. A certified copy of the Energy Transition Zone
Certificate, or a duplicate original thereof, shall be recorded
in the office of recorder of deeds of the county in which the
Energy Transition Zone lies.

(b) An Energy Transition Zone shall be effective on the
date of the Department's certification. The Department shall
transmit a copy of the certification to the Department of
Revenue, and to the designating municipality.

(c) Upon certification of an Energy Transition Zone, the
terms and provisions of the designating ordinance shall be in
effect, and may not be amended or repealed except in accordance
with Section 1-55.

(d) Energy Transition Zone designation will last for 13
years from the effective date of such designation and shall be
subject to review by the Board after 13 years for an additional
10-year designation beginning on the expiration date of the
Energy Transition Zone. During the review process, the Board
shall consider the costs incurred by the State and units of
local government as a result of tax benefits received by the
Energy Transition Zone. Energy Transition Zones shall
terminate at midnight of December 31 of the final calendar year
of the certified term, except as provided in Section 1-55.

(e) Each Energy Transition Zone that re applies for
certification but does not receive a new certification shall
expire on its scheduled termination date.

Section 1-55. Amendment and decertification of Energy Transition Zones.

(a) The terms of a certified Energy Transition Zone designating ordinance may be amended to:

(1) alter the boundaries of the Energy Transition Zone, or

(2) expand, limit or repeal tax incentives or benefits provided in the ordinance, or

(3) alter the termination date of the Zone, or

(4) make technical corrections in the Energy Transition Zone designating ordinance; but such amendment shall not be effective unless the Department issues an amended certificate for the Energy Transition Zone approving the amended designating ordinance. Upon the adoption of any ordinance amending or repealing the terms of a certified Energy Transition Zone designating ordinance, the municipality or county shall promptly file with the Department an application for approval thereof, containing substantially the same information as required for an application under Section 1-35 insofar as material to the proposed changes. The municipality or county must hold a public hearing on the proposed changes; or

(5) include an area within another municipality or county as part of the designated Energy Transition Zone
provided the requirements of Section 1-15 are complied with.

(b) The Department shall approve or disapprove a proposed amendment to a certified Energy Transition Zone within 90 days of its receipt of the application from the municipality. The Department may not approve changes in a Zone which are not in conformity with this Act, as now or hereafter amended, or with other applicable laws. If the Department issues an amended certificate for an Energy Transition Zone, the amended certificate, together with the amended Zone designating ordinance, shall be filed, recorded, and transmitted as provided in this Act.

(c) An Energy Transition Zone may be decertified by joint action of the Department and the designating municipality in accordance with this Section. The designating municipality shall conduct at least one public hearing within the Zone prior to its adoption of an ordinance of de-designation. The mayor of the designating municipality shall execute a joint decertification agreement with the Department. A decertification of an Energy Transition Zone shall not become effective until at least 6 months after the execution of the decertification agreement, which shall be filed in the office of the Secretary of State.

(d) An Energy Transition Zone may be decertified for cause by the Department in accordance with this Section. Prior to decertification: (1) the Department shall notify the chief
elected official of the designating municipality in writing of
the specific deficiencies which provide cause for
decertification; (2) the Department shall place the
designating municipality on probationary status for at least 6
months during which time corrective action may be achieved in
the Energy Transition Zone by the designating municipality; and
(3) the Department shall conduct at least one public hearing
within the Zone. If such corrective action is not achieved
during the probationary period, the Department shall issue an
amended certificate signed by the Director of the Department
decertifying the Energy Transition Zone, which certificate
shall be filed in the office of the Secretary of State. A
certified copy of the amended Energy Transition Zone
certificate, or a duplicate original thereof, shall be recorded
in the office of recorder of the county in which the Energy
Transition Zone lies, and shall be provided to the chief
elected official of the designating municipality.
Decertification of an Energy Transition Zone shall not become
effective until 60 days after the date of filing.

(e) In the event of a decertification, or an amendment
reducing the length of the term or the area of an Energy
Transition Zone or the adoption of an ordinance reducing or
eliminating tax benefits in an Energy Transition Zone, all
benefits previously extended within the Zone pursuant to this
Act or pursuant to any other Illinois law providing benefits
specifically to or within Energy Transition Zones shall remain
in effect for the original stated term of the Energy Transition Zone, with respect to green energy enterprises within the Zone on the effective date of such decertification or amendment.

Section 1-60. Powers and duties of Department.

(a) The Department shall administer this Act and shall have the following powers and duties:

(1) to monitor the implementation of this Act and submit reports evaluating the effectiveness of the program and any suggestions for legislation to the Governor and General Assembly by October 1 of every year preceding a regular Session of the General Assembly and to annually report to the General Assembly initial and current population, employment, per capita income, number of business establishments, dollar value of new construction and improvements, and the aggregate value of each tax incentive, based on information provided by the Department of Revenue for each Energy Transition Zone; and

(2) to adopt all necessary rules to carry out the purposes of this Act in accordance with the Illinois Administrative Procedure Act.

(b) The Department shall have all of the following specific duties:

(1) The Department shall provide information and appropriate assistance to persons desiring to locate and engage in business in an Energy Transition Zone and to
persons engaged in green energy in an Energy Transition Zone.

(2) The Department shall, in cooperation with appropriate units of local government and State agencies, coordinate and streamline existing State business assistance programs and permit and license application procedures for Energy Transition Zone green energy enterprises.

(3) The Department shall publicize existing tax incentives and economic development programs within the Zone and upon request, offer technical assistance in abatement and alternative revenue source development to local units of government which have Energy Transition Zones within their jurisdiction.

(4) The Department shall work together with the responsible State and federal agencies to promote the coordination of other relevant programs, including but not limited to housing, community and economic development, small business, banking, financial assistance, and employment training programs which are carried on in an Energy Transition Zone.

(5) In order to stimulate employment opportunities for Zone residents, the Department, in cooperation with the Department of Human Services and the Department of Employment Security, is to initiate a test of the following 2 programs within the 12 month period following designation
and approval by the Department of the first Energy Transition Zones: (i) the use of aid to families with dependent children benefits payable under Article IV of the Illinois Public Aid Code, General Assistance benefits payable under Article VI of the Illinois Public Aid Code, the unemployment insurance benefits payable under the Unemployment Insurance Act as training or employment subsidies leading to unsubsidized employment; and (ii) a program for voucher reimbursement of the cost of training Zone residents eligible under the Targeted Jobs Tax Credit provisions of the Internal Revenue Code for employment in private industry. These programs shall not be designed to subsidize businesses, but are intended to open up job and training opportunities not otherwise available. Nothing in this paragraph (5) shall be deemed to require Zone businesses to utilize these programs. These programs should be designed (i) for those individuals whose opportunities for job-finding are minimal without program participation, (ii) to minimize the period of benefit collection by such individuals, and (iii) to accelerate the transition of those individuals to unsubsidized employment. The Department is to seek agreement with business, organized labor and the appropriate State Department and agencies on the design, operation and evaluation of the test programs.

(c) A report with recommendations including representative
comments of these groups shall be submitted by the Department to the county or municipality which designated the area as an Energy Transition Zone, the Governor, and the General Assembly not later than 12 months after such test programs have commenced, or not later than 3 months following the termination of such test programs, whichever first occurs.

Section 1-65. State incentives regarding public services and physical infrastructure.

(a) This Act does not restrict tax incentive financing pursuant to the Tax Increment Allocation Redevelopment Act in the Illinois Municipal Code.

(b) The State Treasurer is authorized and encouraged to place deposits of State funds with financial institutions doing business in an Energy Transition Zone.

Section 1-70. Zone administration. The administration of an Energy Transition Zone shall be under the jurisdiction of the designating municipality. Each designating municipality shall, by ordinance, designate a Zone Administrator for the certified Zones within its jurisdiction. A Zone Administrator must be an officer or employee of the municipality. The Zone Administrator shall be the liaison between the designating municipality, the Department, and any designated Zone organizations within zones under his jurisdiction.
Section 1-75. Accounting.

(a) Any business receiving tax incentives due to its location within an Energy Transition Zone must annually report to the Department of Revenue information reasonably required by the Department of Revenue to enable the Department to verify and calculate the total Energy Transition Zone tax benefits for property taxes and taxes imposed by the State that are received by the business, broken down by incentive category and Energy Transition Zone, if applicable. Reports are due no later than May 31 of each year and shall cover the previous calendar year. The first report will be for the 2018 calendar year is be due no later than May 31, 2019.

(b) Green energy enterprises shall report their job creation, retention, and capital investment numbers within the Zone annually to the Department of Revenue no later than May 31 of each calendar year.

(c) The Department of Revenue will aggregate and collect the tax, job, and capital investment data by Energy Transition Zone and report this information, formatted to exclude company-specific proprietary information, to the Department and the Board by August 1, 2019, and by August 1 of every calendar year thereafter. The Department will include this information in their required reports under this Act.

(d) The Department of Revenue, in its discretion, may require that the reports filed under this Section be submitted electronically.
(e) The Department of Revenue shall have the authority to adopt rules as are reasonable and necessary to implement the provisions of this Section.

Section 1-80. Zone Administrator.

(a) Each Zone Administrator shall post a copy of the boundaries of the Energy Transition Zone on its official Internet website and shall provide an electronic copy to the Department. The Department shall post each copy of the boundaries of an Energy Transition Zone that it receives from a Zone Administrator on its official Internet website.

(b) The Zone Administrator shall collect and aggregate the following information:

(1) the estimated cost of each building project, broken down into labor and materials; and

(2) within 60 days after the end of the project, the estimated cost of each building project, broken down into labor and materials.

(c) By April 1 of each year, each Zone Administrator shall file a copy of its fee schedule with the Department, and the Department shall post the fee schedule on its website. Zone Administrators shall charge no more than 0.5% of the cost of building materials of the project associated with the specific Energy Transition Zone, with a maximum fee of no more than $50,000.
Section 1-85. State regulatory exemptions in Energy Transition Zones.

(a) The Department shall conduct an ongoing review of such agency rules as may be identified by the Department or representatives of designating municipalities and counties as green energy enterprises and preliminarily appearing to the Department to:

(1) affect the conduct of business, industry and commerce;

(2) impose excessive costs on either the creation or conduct of such enterprises; and

(3) inhibit the development and expansions of enterprises within Energy Transition Zones.

The Department shall conduct hearings, pursuant to public notice, to solicit public comment on such identified rules as part of this review process.

(b) No later than August 1 of each calendar year, the Department shall publish in the Illinois Register a list of such rules identified pursuant to subsection (a). The Department shall transmit a copy of the list to each agency which has adopted rules on the list.

(c) Within 90 days of the publication of the list by the Department, each agency which adopted rules identified therein shall file a written report with the Department detailing for each identified rule:

(1) the need or justification;
(2) whether the rule is mandated by State or federal law, or is discretionary, and to what extent;
(3) a synopsis of the history of the rule, including any internal agency review after its original adoption; and
(4) any appropriate explanation of its relationship to other regulatory requirements.
The agency that adopted the rules shall also include any available data, analysis and studies concerning the economic impact of the identified rules. The agency responses shall be public records.
(d) No later than January 1 of the following calendar year, the Department shall file proposed rules exempting green energy enterprises within Energy Transition Zones from those agency rules contained in the published list, for which the Department finds that the job creation or business development incentives for Energy Transition Zone development engendered by the exemption outweigh the need and justification for the rule. In making its findings, the Department shall consider all information, data, and opinions submitted to it by the public, as well as by adopting agencies, as well as information otherwise available to it.
(e) The proposed rules adopted by the Department shall be in the form of amendments to the existing rules to be affected, and shall be subject to the Illinois Administrative Procedure Act.
(f) Upon its effective date, any exempting rule of the
Department shall supersede the exempted agency rule in accordance with the terms of the exemption. Such exemptions may apply only to green energy enterprises within Energy Transition Zones during the effective term of the respective Zones. Agencies may not adopt emergency rules to circumvent an exemption effected by a Department exemption rule; any such emergency rules shall not be effective within Energy Transition Zones to the extent inconsistent with the terms of such an exemption.

Section 1-90. State and local regulatory alternatives.

(a) Agencies may provide in their rules for:

(1) the exemption of green energy enterprises within Energy Transition Zones; or

(2) modifications or alternatives specifically applicable to green energy enterprises within Energy Transition Zones, which impose less stringent standards or alternative standards for compliance (including, but not limited to, performance-based standards as a substitute for specific mandates of methods, procedures or equipment).

Such exemptions, modifications, or alternatives shall become effective by rule adopted in accordance with the Illinois Administrative Procedure Act. The Agency adopting such exemptions, modifications or alternatives shall file with its proposed rule its findings that the proposed rule provides
economic incentives within Energy Transition Zones which promote the purposes of this Act, and which, to the extent they include any exemptions or reductions in regulatory standards or requirements, outweigh the need or justification for the existing rule.

(b) If any agency adopts a rule pursuant to paragraph (a) affecting a rule contained on the list published by the Department, prior to the completion of the rulemaking process for the Department's rules under that Section, the agency shall immediately transmit a copy of its proposed rule to the Department, together with a statement of reasons as to why the Department should defer to the agency's proposed rule. Agency rules adopted under subsection (a) shall, however, be subject to the exemption rules adopted by the Department.

(c) Within Energy Transition Zones, the designating municipality may modify all local ordinances and regulations regarding (i) zoning; (ii) licensing; (iii) building codes, excluding however, any regulations treating building defects; (iv) rent control and price controls (except for the minimum wage). Notwithstanding any shorter statute of limitation to the contrary, actions against any contractor or architect who designs, constructs or rehabilitates a building or structure in an Energy Transition Zone in accordance with local standards specifically applicable within Zones which have been relaxed may be commenced within 10 years from the time of beneficial occupancy of the building or use of the structure.
Section 1-95. Exemptions from regulatory relaxation.
Sections 1-85 and 1-90 do not apply to rules adopted pursuant to:

(1) the Environmental Protection Act;
(2) the Illinois Historic Preservation Act;
(3) the Illinois Human Rights Act;
(4) any successor Acts to any of the foregoing; or
(5) any other Acts whose purpose is the protection of the environment, the preservation of historic places and landmarks, or the protection of persons against discrimination on the basis of race, color, religion, sex, marital status, national origin or physical or mental disability.

(b) No exemption, modification or alternative to any agency rule shall be effective which:

(1) presents a significant risk to the health or safety of persons resident in or employed within an Energy Transition Zone;
(2) would conflict with federal law such that the State, or any unit of local government or school district, or any area of the State other than Energy Transition Zones, or any business enterprise located outside of an Energy Transition Zone would be disqualified from a federal program or from federal tax or other benefits;
(3) would suspend or modify an agency rule mandated by
Section 1-100. Business notifications. Any business located within the Energy Transition Zone which has received tax credits or exemptions, regulatory relief or any other benefits under this Act shall notify the Department and the county and municipal officials in which the Energy Transition Zone is located within 60 days of the cessation of any business operations conducted within the Energy Transition Zone. The Department shall adopt rules to carry out this Section.

Article 5. Energy Transition Tax Credit Act

Section 5-1. Short title. This Article may be cited as the Energy Transition Tax Credit Act. References in this Article to "this Act" mean this Article.

Section 5-5. Purpose. The General Assembly finds and declares that the health, safety, and welfare of the people of this State are dependent upon a healthy economy and vibrant communities; that the closure of coal plants, coal mines, and nuclear energy plants across the states are detrimental to maintaining a healthy economy and vibrant communities; that the expansion of green energy creates significant job growth and
contributes significantly to the health, safety, and welfare of the people of this State; that the continual encouragement, development, growth and expansion of green energy within the State requires a cooperative and continuous partnership between government and the green energy sector; and that there are certain depressed areas in this State that have lost jobs due to the closure of coal plants, coal mines, and nuclear energy plants and need the particular attention of government, labor and the citizens of Illinois to help attract green energy investment into these areas and directly aid the local community and its residents. Therefore, it is declared to be the purpose of this Act, in conjunction with the Energy Transition Zone Act, to provide green energy enterprises an incentive to stimulate the growth of green energy in the State and to foster job growth in areas depressed by the closure of coal plants, coal mines, and nuclear energy plants.

Section 5-10. Definitions. As used in this Act:

"Agreement" means the Agreement between a Taxpayer and the Department under the provisions of Section 5-55 of this Act.

"Applicant" means a Taxpayer operating a green energy enterprise, as determined by the Energy Transition Zone Act, located within or that the green energy enterprise plans to locate within an Energy Transition Zone. "Applicant" does not include a Taxpayer who closes or substantially reduces an operation at one location in the State and relocates
substantially the same operation to a location in an Energy Transition Zone. This does not prohibit a Taxpayer from expanding its operations at a location in an Energy Transition Zone, provided that existing operations of a similar nature located within the State are not closed or substantially reduced. This also does not prohibit a Taxpayer from moving its operations from one location in the State to an Energy Transition Zone for the purpose of expanding the operation provided that the Department determines that expansion cannot reasonably be accommodated within the municipality in which the business is located, or in the case of a business located in an incorporated area of the county, within the county in which the business is located, after conferring with the chief elected official of the municipality or county and taking into consideration any evidence offered by the municipality or county regarding the ability to accommodate expansion within the municipality or county.

"Committee" means the Energy Transition Investment Committee created under Section 5-25 of this Act within the Illinois Economic Development Board.

"Credit" means the amount agreed to between the Department and the Applicant under this Act, but not to exceed the lesser of: (1) the sum of (i) 50% of the Incremental Income Tax attributable to New Employees at the Applicant's project and (ii) 10% of the training costs of New Employees; or (2) 100% of the Incremental Income Tax attributable to New Employees at the
Applicant's project. However, if the project is located in an underserved area, then the amount of the Credit may not exceed the lesser of: (1) the sum of (i) 75% of the Incremental Income Tax attributable to New Employees at the Applicant's project and (ii) 10% of the training costs of New Employees; or (2) 100% of the Incremental Income Tax attributable to New Employees at the Applicant's project. If an Applicant agrees to hire the required number of New Employees, then the maximum amount of the Credit for that Applicant may be increased by an amount not to exceed 25% of the Incremental Income Tax attributable to retained employees at the Applicant's project; provided that, in order to receive the increase for retained employees, the Applicant must provide the additional evidence required under paragraph (3) of subsection (b) of Section 5-30.

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

"Director" means the Director of the Department of Commerce and Economic Opportunity.

"Full-time Employee" means an individual who is employed for consideration for at least 35 hours each week or who renders any other standard of service generally accepted by industry custom or practice as full-time employment. An individual for whom a W-2 is issued by a Professional Employer Organization (PEO) is a full-time employee if employed in the service of the Applicant for consideration for at least 35 hours each week or who renders any other standard of service
generally accepted by industry custom or practice as full-time employment to Applicant.

"Green energy" means solar energy, wind energy, water energy, geothermal energy, bioenergy, or hydrogen fuel and cells.

"Green energy production facility" means a facility owned by a green energy enterprise (as defined in the Illinois Energy Transition Zone Act) that is used in the production of solar energy, wind energy, water energy, geothermal energy, bioenergy, or hydrogen fuel and cells. "Incremental Income Tax" means the total amount withheld during the taxable year from the compensation of New Employees and, if applicable, retained employees under Article 7 of the Illinois Income Tax Act arising from employment at a project that is the subject of an Agreement.

"New Employee" means a full-time employee first employed by a taxpayer in the project that is the subject of an agreement and who is hired after the taxpayer enters into the agreement. The term "New Employee" does not include:

(1) an employee of the Taxpayer who performs a job that was previously performed by another employee, if that job existed for at least 6 months before hiring the employee;

(2) an employee of the Taxpayer who was previously employed in Illinois by a Related Member of the Taxpayer and whose employment was shifted to the Taxpayer after the Taxpayer entered into the Agreement; or
(3) a child, grandchild, parent, or spouse, other than a spouse who is legally separated from the individual, of any individual who has a direct or an indirect ownership interest of at least 5% in the profits, capital, or value of the taxpayer.

Notwithstanding any other provisions of this Section, an employee may be considered a New Employee under the Agreement if the employee performs a job that was previously performed by an employee who was:

(1) treated under the Agreement as a New Employee; and
(2) promoted by the Taxpayer to another job.

Notwithstanding any other provisions of this Section, the Department may award a Credit to an Applicant with respect to an employee hired prior to the date of the Agreement if:

(1) the Applicant is in receipt of a letter from the Department stating an intent to enter into a credit Agreement;
(2) the letter described in paragraph (1) is issued by the Department not later than 15 days after the effective date of this Act; and
(3) the employee was hired after the date the letter described in paragraph (1) was issued.

"Noncompliance Date" means, in the case of a Taxpayer that is not complying with the requirements of the Agreement or the provisions of this Act, the day following the last date upon which the Taxpayer was in compliance with the requirements of
the Agreement and the provisions of this Act, as determined by
the Director, pursuant to Section 5-75.

"Pass Through Entity" means an entity that is exempt from
the tax under subsection (b) or (c) of Section 205 of the

"Related Member" means a person that, with respect to the
Taxpayer during any portion of the taxable year, is any one of
the following:

(1) An individual stockholder, if the stockholder and
the members of the stockholder's family (as defined in
Section 318 of the Internal Revenue Code) own directly,
indirectly, beneficially, or constructively, in the
aggregate, at least 50% of the value of the Taxpayer's
outstanding stock.

(2) A partnership, estate, or trust and any partner or
beneficiary, if the partnership, estate, or trust, and its
partners or beneficiaries own directly, indirectly,
beneficially, or constructively, in the aggregate, at
least 50% of the profits, capital, stock, or value of the
Taxpayer.

(3) A corporation, and any party related to the
corporation in a manner that would require an attribution
of stock from the corporation to the party or from the
party to the corporation under the attribution rules of
Section 318 of the Internal Revenue Code, if the Taxpayer
owns directly, indirectly, beneficially, or constructively
at least 50% of the value of the corporation's outstanding stock.

(4) A corporation and any party related to that corporation in a manner that would require an attribution of stock from the corporation to the party or from the party to the corporation under the attribution rules of Section 318 of the Internal Revenue Code, if the corporation and all such related parties own in the aggregate at least 50% of the profits, capital, stock, or value of the Taxpayer.

(5) A person to or from whom there is attribution of stock ownership in accordance with Section 1563(e) of the Internal Revenue Code, except, for purposes of determining whether a person is a Related Member under this paragraph, 20% shall be substituted for 5% wherever 5% appears in Section 1563(e) of the Internal Revenue Code.

"Taxpayer" means an individual, corporation, partnership, or other entity that has any Illinois income tax liability.

"Underserved area" means a geographic area that meets one or more of the following conditions:

(1) the area has a poverty rate of at least 20% according to the latest federal decennial census;

(2) 75% or more of the children in the area participate in the federal free lunch program according to reported statistics from the State Board of Education;

(3) at least 20% of the households in the area receive
assistance under the Supplemental Nutrition Assistance Program (SNAP); or

(4) the area has an average unemployment rate, as determined by the Illinois Department of Employment Security, that is more than 120% of the national unemployment average, as determined by the U.S. Department of Labor, for a period of at least 2 consecutive calendar years preceding the date of the application.

Section 5-15. Powers of the Department. The Department, in addition to those powers granted under the Civil Administrative Code of Illinois, is granted and shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this Act, including, but not limited to, power and authority to:

(1) Adopt rules deemed necessary and appropriate for the administration of the programs; establish forms for applications, notifications, contracts, or any other agreements; and accept applications at any time during the year.

(2) Provide and assist Taxpayers pursuant to the provisions of this Act, and cooperate with Taxpayers that are parties to Agreements to promote, foster, and support economic development, capital investment, and job creation or retention within the Energy Transition Zone.

(c) Enter into agreements and memoranda of
understanding for participation of and engage in
cooperation with agencies of the federal government, local
units of government, universities, research foundations or
institutions, regional economic development corporations,
or other organizations for the purposes of this Act.

(4) Gather information and conduct inquiries, in the
manner and by the methods as it deems desirable, including
without limitation, gathering information with respect to
Applicants for the purpose of making any designations or
certifications necessary or desirable or to gather
information to assist the Committee with any
recommendation or guidance in the furtherance of the
purposes of this Act.

(5) Establish, negotiate and effectuate any term,
agreement or other document with any person, necessary or
appropriate to accomplish the purposes of this Act; and to
consent, subject to the provisions of any Agreement with
another party, to the modification or restructuring of any
Agreement to which the Department is a party.

(6) Fix, determine, charge, and collect any premiums,
fees, charges, costs, and expenses from Applicants,
including, without limitation, any application fees,
commitment fees, program fees, financing charges, or
publication fees as deemed appropriate to pay expenses
necessary or incident to the administration, staffing, or
operation in connection with the Department's or
Committee's activities under this Act, or for preparation, implementation, and enforcement of the terms of the Agreement, or for consultation, advisory and legal fees, and other costs; however, all fees and expenses incident thereto shall be the responsibility of the Applicant.

(7) Provide for sufficient personnel to permit administration, staffing, operation, and related support required to adequately discharge its duties and responsibilities described in this Act from funds made available through charges to Applicants or from funds as may be appropriated by the General Assembly for the administration of this Act.

(8) Require Applicants, upon written request, to issue any necessary authorization to the appropriate federal, state, or local authority for the release of information concerning a project being considered under the provisions of this Act, with the information requested to include, but not be limited to, financial reports, returns, or records relating to the Taxpayer or its project.

(9) Require that a Taxpayer shall at all times keep proper books of record and account in accordance with generally accepted accounting principles consistently applied, with the books, records, or papers related to the Agreement in the custody or control of the Taxpayer open for reasonable Department inspection and audits, and including, without limitation, the making of copies of the
books, records, or papers, and the inspection or appraisal
of any of the Taxpayer or project assets.
(10) Take whatever actions are necessary or
appropriate to protect the State's interest in the event of
bankruptcy, default, foreclosure, or noncompliance with
the terms and conditions of financial assistance or
participation required under this Act, including the power
to sell, dispose, lease, or rent, upon terms and conditions
determined by the Director to be appropriate, real or
personal property that the Department may receive as a
result of these actions.

Section 5-20. Tax credit awards.
(a) Subject to the conditions set forth in this Act, a
Taxpayer is entitled to a Credit against or, as described in
subsection (f) of this Section, a payment towards taxes imposed
pursuant to subsections (a) and (b) of Section 201 of the
Illinois Income Tax Act that may be imposed on the Taxpayer for
a taxable year beginning on or after January 1, 2019, if the
Taxpayer is awarded a Credit by the Department under this Act
for that taxable year.

The Department shall make Credit awards under this Act to
foster job creation and the development of green energy in
Energy Transition Zones.
(b) A person that proposes a project to create new jobs and
to invest in the development of a green energy production
facility in an Energy Transition Zone must enter into an
Agreement with the Department for the Credit under this Act

(c) The Credit shall be claimed for the taxable years
specified in the Agreement.

(d) The Credit shall not exceed the Incremental Income Tax
attributable to the project that is the subject of the
Agreement.

(e) Nothing herein shall prohibit a Tax Credit Award to an
Applicant that uses a PEO if all other award criteria are
satisfied.

(f) A pass-through entity that has been awarded a credit
under this Act, its shareholders, or its partners may treat
some or all of the credit awarded pursuant to this Act as a tax
payment for purposes of the Illinois Income Tax Act. The term
"tax payment" means a payment as described in Article 6 or
Article 8 of the Illinois Income Tax Act or a composite payment
made by a pass-through entity on behalf of any of its
shareholders or partners to satisfy such shareholders' or
partners' taxes imposed pursuant to subsections (a) and (b) of
Section 201 of the Illinois Income Tax Act. In no event shall
the amount of the award credited pursuant to this Act exceed
the Illinois income tax liability of the pass-through entity or
its shareholders or partners for the taxable year.

Section 5-25. Application for a project to create and
retain new jobs and to develop green energy.
(a) Any green energy enterprise proposing a project to build a green energy production facility located or planned to be located in an Energy Transition Zone may request consideration for designation of its project, by formal written letter of request or by formal application to the Department, in which the Applicant states its intent to make at least a specified level of investment and intends to hire or retain a specified number of full-time employees at a designated location in Illinois. As circumstances require, the Department may require a formal application from an Applicant and a formal letter of request for assistance.

(b) In order to qualify for Credits under this Act, an Applicant's project must:

1. be for the purpose of producing green energy;
2. if the Applicant has more than 100 employees, involve an investment of at least $2,500,000 in capital improvements to be placed in service within an Energy Transition Zone as a direct result of the project; if the Applicant has 100 or fewer employees, then there is no capital investment requirement; and
3. if the Applicant has more than 100 employees, employ a number of new employees in the Energy Transition Zone equal to the lesser of (A) 10% of the number of full-time employees employed by the applicant world-wide on the date the application is filed with the Department or (B) 50 New Employees; and, if the Applicant has 100 or
fewer employees, employ a number of new employees in the State equal to the lesser of (A) 5% of the number of full-time employees employed by the applicant world-wide on the date the application is filed with the Department or (B) 50 New Employees;

(c) After receipt of an application, the Department may enter into an Agreement with the Applicant if the application is accepted in accordance with Section 5-25.

Section 5-30. Review of application.

(a) In addition to those duties granted under the Illinois Economic Development Board Act, the Illinois Economic Development Board shall form an Energy Transition Investment Committee for the purpose of making recommendations for applications. At the request of the Board, the Director of Commerce and Economic Opportunity or his or her designee, the Director of the Governor's Office of Management and Budget or his or her designee, the Director of Revenue or his or her designee, the Director of Employment Security or his or her designee, and an elected official of the affected locality, such as the chair of the county board or the mayor, may serve as members of the Committee to assist with its analysis and deliberations.

(b) At the Department's request, the Committee shall convene, make inquiries, and conduct studies in the manner and by the methods as it deems desirable, review information with
respect to Applicants, and make recommendations for projects to
benefit an Energy Transition Zone. In making its recommendation
that an Applicant's application for Credit should or should not
be accepted, which shall occur within a reasonable time frame
as determined by the nature of the application, the Committee
shall determine that all the following conditions exist:

(1) The Applicant's project intends, as required by
subsection (b) of Section 5 to make the required investment
in the Energy Transition Zone and intends to hire the
required number of New Employees in the Energy Transition
Zone as a result of that project.

(2) The Applicant's project is economically sound and
will benefit the people of the Energy Transition Zone by
increasing opportunities for employment and engaging in
the development of green energy.

(3) That, if not for the Credit, the project would not
occur in Illinois, which may be demonstrated by evidence
that receipt of the Credit is essential to the Applicant's
decision to create new jobs in the State, such as the
magnitude of the cost differential between Illinois and a
competing State; in addition, if the Applicant is seeking
an increase in the maximum amount of the Credit for
retained employees, the Applicant must provide evidence
the Applicant has multi-state location options and could
reasonably and efficiently locate outside of the State or
demonstrate that at least one other state is being
considered for the project.

(4) A cost differential is identified, using best available data, in the projected costs for the Applicant's project compared to the costs in the competing state, including the impact of the competing state's incentive programs. The competing state's incentive programs shall include state, local, private, and federal funds available.

(5) The political subdivisions affected by the project have committed local incentives with respect to the project, considering local ability to assist.

(6) Awarding the Credit will result in an overall positive fiscal impact to the State, as certified by the Committee using the best available data.

(7) The Credit is not prohibited by Section 5-45 of this Act.

Section 5-35. Limitation to amount of costs of specified items. The total amount of the Credit allowed during all tax years may not exceed the aggregate amount of costs incurred by the Taxpayer during all prior tax years for the following items, to the extent provided in the Agreement:

(1) capital investment, including, but not limited to, equipment, buildings, or land;

(2) infrastructure development;

(3) debt service, except refinancing of current debt;
(4) research and development;
(5) job training and education;
(6) lease costs; or
(7) relocation costs.

Section 5-40. Relocation of jobs to Energy Transition Zone. A taxpayer is not entitled to claim the credit provided by this Act with respect to any jobs that the taxpayer relocates from one site in Illinois to another site in an Energy Transition Zone. A taxpayer with respect to a qualifying project certified under the Corporate Headquarters Relocation Act, however, is not subject to the requirements of this Section but is nevertheless considered an applicant for purposes of this Act. Moreover, any full-time employee of an eligible green energy enterprise relocated to an Energy Transition Zone in connection with that qualifying project is deemed to be a new employee for purposes of this Act. Determinations under this Section shall be made by the Department.

Section 5-45. Determination of amount of the Credit. In determining the amount of the Credit that should be awarded, the Committee shall provide guidance on, and the Department shall take into consideration, all of the following factors:

(1) The number and location of jobs created and retained in relation to the economy of the Energy Transition Zone where the projected investment is to occur.
(2) The potential impact on the economy of the Energy Transition Zone.

(3) The advancement of green energy in the Energy Transition Zone.

(4) The incremental payroll attributable to the project.

(5) The capital investment attributable to the project.

(6) The amount of the average wage and benefits paid by the Applicant in relation to the wage and benefits of the Energy Transition Zone.

(7) The costs to Illinois and the affected political subdivisions with respect to the project.

(8) The financial assistance that is otherwise provided by Illinois and the affected political subdivisions.

Section 5-50. Amount and curation of credit.

(a) The Department shall determine the amount and duration of the credit awarded under this Act. The duration of the credit may not exceed 10 taxable years. The credit may be stated as a percentage of the Incremental Income Tax attributable to the applicant's project and may include a fixed dollar limitation. An Agreement for the credit must be finalized and signed by all parties while the area in which the project is located is designated an Energy Transition Zone. The
credit may last longer than the applicable Energy Transition Zone designation. Agreements entered into prior to the de-designation of an Energy Transition Zone will be honored for the length of the Agreement.

(b) Notwithstanding subsection (a), and except as the credit may be applied in a carryover year pursuant to Section 211.1 (4) of the Illinois Income Tax Act, the credit may be applied against the State income tax liability in more than 10 taxable years but not in more than 15 taxable years for an eligible green energy enterprise that (i) qualifies under this Act and the Corporate Headquarters Relocation Act and has in fact undertaken a qualifying project within the time frame specified by the Department of Commerce and Economic Opportunity under that Act, and (ii) applies against its State income tax liability, during the entire 15-year period, no more than 60% of the maximum credit per year that would otherwise be available under this Act.

Section 5-55. Contents of Agreements with Applicants. The Department shall enter into an Agreement with an Applicant that is awarded a Credit under this Act. The Agreement must include all of the following:

1. A detailed description of the project that is the subject of the Agreement, including the location and amount of the investment and jobs created or retained.

2. The duration of the Credit and the first taxable
year for which the Credit may be claimed.

(3) The Credit amount that will be allowed for each taxable year.

(4) A requirement that the Taxpayer shall maintain operations at the project location that shall be stated as a minimum number of years not to exceed 10.

(5) A specific method for determining the number of New Employees employed during a taxable year.

(6) A requirement that the Taxpayer shall annually report to the Department the number of New Employees, the Incremental Income Tax withheld in connection with the New Employees, and any other information the Director needs to perform the Director's duties under this Act.

(7) A requirement that the Director is authorized to verify with the appropriate State agencies the amounts reported under paragraph (6), and after doing so shall issue a certificate to the Taxpayer stating that the amounts have been verified.

(8) A requirement that the Taxpayer shall provide written notification to the Director not more than 30 days after the Taxpayer makes or receives a proposal that would transfer the Taxpayer's State tax liability obligations to a successor Taxpayer.

(9) A detailed description of the number of New Employees to be hired, and the occupation and payroll of the full-time jobs to be created or retained as a result of
the project.

(10) The minimum investment the green energy enterprise will make in capital improvements, the time period for placing the property in service, and the designated green energy production of the project.

(11) A requirement that the Taxpayer shall provide written notification to the Director and the Committee not more than 30 days after the Taxpayer determines that the minimum job creation or retention, employment payroll, or investment no longer is being or will be achieved or maintained as set forth in the terms and conditions of the Agreement.

(12) A provision that, if the total number of New Employees falls below a specified level, the allowance of Credit shall be suspended until the number of New Employees equals or exceeds the Agreement amount.

(13) A detailed description of the items for which the costs incurred by the Taxpayer will be included in the limitation on the Credit provided in Section 5-40.

(14) A provision that, if the Taxpayer never meets either the investment or job creation and retention requirements specified in the Agreement during the entire 5-year period beginning on the first day of the first taxable year in which the Agreement is executed and ending on the last day of the fifth taxable year after the Agreement is executed, then the Agreement is automatically
terminated on the last day of the fifth taxable year after
the Agreement is executed and the Taxpayer is not entitled
to the award of any credits for any of that 5-year period.

(15) A provision specifying that, if the Taxpayer
ceases principal operations with the intent to shut down
the project in the Energy Transition Zone permanently
during the term of the Agreement, then the entire credit
amount awarded to the Taxpayer prior to the date the
Taxpayer ceases principal operations shall be returned to
the Department.

(16) Any other performance conditions or contract
provisions as the Department determines are appropriate.
The Department shall post on its website the terms of each
Agreement entered into under this Act. Such information
shall be posted within 10 days after entering into the
Agreement and must include the following:

(A) the name of the recipient business;
(B) the location of the project;
(C) the estimated value of the credit;
(C) the number of new jobs and, if applicable,
retained jobs pledged as a result of the project; and
(E) whether or not the project is located in an
underserved area.

Section 5-60. Certificate of verification; submission to
the Department of Revenue. A Taxpayer claiming a Credit under
this Act shall submit to the Department of Revenue a copy of
the Director's certificate of verification under this Act for
the taxable year. However, failure to submit a copy of the
certificate with the Taxpayer's tax return shall not invalidate
a claim for a Credit.

For a Taxpayer to be eligible for a certificate of
verification, the Taxpayer shall provide proof as required by
the Department prior to the end of each calendar year,
including, but not limited to, attestation by the Taxpayer
that:

   (1) The project has substantially achieved the level of
new full-time jobs in the Energy Transition Zone, as
specified in its Agreement.

   (2) The project has substantially achieved the level of
annual payroll in the Energy Transition Zone, as specified
in its Agreement.

   (3) The project has substantially achieved the level of
capital investment in the Energy Transition Zone, as
specified in its Agreement;

   (4) The project has assisted in the development of
green energy production in the Energy Transition Zone, as
specified in its Agreement.

Section 5-65. Supplier diversity. Each taxpayer claiming a
credit under this Act shall, no later than April 15 of each
taxable year for which the taxpayer claims a credit under this
Act, submit to the Department of Commerce and Economic Opportunity an annual report containing the information described in subsections (b), (c), (d), and (e) of Section 5-117 of the Public Utilities Act. Those reports shall be submitted in the form and manner required by the Department of Commerce and Economic Opportunity.

Section 5-70. Pass through entity. The shareholders or partners of a Taxpayer that is a Pass Through Entity shall be entitled to the Credit allowed under the Agreement.

The Credit provided under subsection (a) is in addition to any Credit to which a shareholder or partner is otherwise entitled under a separate Agreement under this Act. A Pass Through Entity and a shareholder or partner of the Pass Through Entity may not claim more than one Credit under the same Agreement.

Section 5-75. Noncompliance; notice; assessment. If the Director determines that a Taxpayer who has received a Credit under this Act is not complying with the requirements of the Agreement or all of the provisions of this Act, the Director shall provide notice to the Taxpayer of the alleged noncompliance, and allow the Taxpayer a hearing under the provisions of the Illinois Administrative Procedure Act. If, after such notice and any hearing, the Director determines that a noncompliance exists, the Director shall issue to the
Department of Revenue notice to that effect, stating the Noncompliance Date. If, during the term of an Agreement, the Taxpayer ceases operations at a project location that is the subject of that Agreement with the intent to terminate operations in the Energy Transition Zone, the Department and the Department of Revenue shall recapture from the Taxpayer the entire Credit amount awarded under that Agreement prior to the date the taxpayer ceases operations. The Department shall, subject to appropriation, reallocate the recaptured amounts to the local workforce investment area in which the project was located for the purposes of workforce development, expanded opportunities for unemployed persons, and expanded opportunities for women and minorities in the workforce.

Section 5-80. Annual report. On or before July 1 each year, the Committee shall submit a report to the Department on the tax credit program under this Act to the Governor and the General Assembly. The report shall include information on the number of Agreements that were entered into under this Act during the preceding calendar year, a description of the project that is the subject of each Agreement, an update on the status of projects under Agreements entered into before the preceding calendar year, and the sum of the Credits awarded under this Act. A copy of the report shall be delivered to the Governor and to each member of the General Assembly.

The report must include, for each Agreement:
(1) the original estimates of the value of the Credit and the number of new jobs to be created and, if applicable, the number of retained jobs;
(2) any relevant modifications to existing Agreements;
(3) a statement of the progress made by each Taxpayer in meeting the terms of the original Agreement;
(4) a statement of wages paid to New Employees and, if applicable, retained employees in the State;
(5) any information reported under Section 5-65 of this Act; and
(6) a copy of the original Agreement.

Section 5-85. Evaluation of tax credit program. On a biennial basis, the Department shall evaluate the tax credit program. The evaluation shall include an assessment of the effectiveness of the program in creating new jobs in Illinois and of the revenue impact of the program, and may include a review of the practices and experiences of other states with similar programs. The Director shall submit a report on the evaluation to the Governor and the General Assembly after June 30 and before November 1 in each odd-numbered year.

Section 5-90. Adoption of rules. The Department may adopt rules necessary to implement this Act. The rules may provide for recipients of Credits under this Act to be charged fees to cover administrative costs of the tax credit program. Fees
collected shall be deposited into the Energy Transition Fund.

Section 5-95. The Energy Transition Fund.

(a) The Energy Transition Fund is established as a special fund within the State treasury to be used exclusively for the purposes of this Act, including paying for the costs of administering this Act. The Fund shall be administered by the Department.

(b) The Fund consists of collected fees, appropriations from the General Assembly, and gifts and grants to the Fund.

(c) The State Treasurer shall invest the money in the Fund not currently needed to meet the obligations of the Fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited into the Fund.

(d) The money in the Fund at the end of a State fiscal year remains in the Fund to be used exclusively for the purposes of this Act. Expenditures from the Fund are subject to appropriation by the General Assembly.

Section 5-100. Program terms and conditions.

(a) Any documentary materials or data made available or received by any member of a Committee or any agent or employee of the Department shall be deemed confidential and shall not be deemed public records to the extent that the materials or data consists of trade secrets, commercial or financial information
regarding the operation of the business conducted by the Applicant for or recipient of any tax credit under this Act, or any information regarding the competitive position of a business in a particular field of endeavor.

(b) Nothing in this Act shall be construed as creating any rights in any Applicant to enter into an Agreement or in any person to challenge the terms of any Agreement.

Article 10. Amendatory Provisions

Section 10-5. The Illinois Administrative Procedure Act is amended by changing Section 5-45 as follows:

(5 ILCS 100/5-45) (from Ch. 127, par. 1005-45)

Sec. 5-45. Emergency rulemaking.

(a) "Emergency" means the existence of any situation that any agency finds reasonably constitutes a threat to the public interest, safety, or welfare.

(b) If any agency finds that an emergency exists that requires adoption of a rule upon fewer days than is required by Section 5-40 and states in writing its reasons for that finding, the agency may adopt an emergency rule without prior notice or hearing upon filing a notice of emergency rulemaking with the Secretary of State under Section 5-70. The notice shall include the text of the emergency rule and shall be published in the Illinois Register. Consent orders or other
court orders adopting settlements negotiated by an agency may be adopted under this Section. Subject to applicable constitutional or statutory provisions, an emergency rule becomes effective immediately upon filing under Section 5-65 or at a stated date less than 10 days thereafter. The agency's finding and a statement of the specific reasons for the finding shall be filed with the rule. The agency shall take reasonable and appropriate measures to make emergency rules known to the persons who may be affected by them.

(c) An emergency rule may be effective for a period of not longer than 150 days, but the agency's authority to adopt an identical rule under Section 5-40 is not precluded. No emergency rule may be adopted more than once in any 24-month period, except that this limitation on the number of emergency rules that may be adopted in a 24-month period does not apply to (i) emergency rules that make additions to and deletions from the Drug Manual under Section 5-5.16 of the Illinois Public Aid Code or the generic drug formulary under Section 3.14 of the Illinois Food, Drug and Cosmetic Act, (ii) emergency rules adopted by the Pollution Control Board before July 1, 1997 to implement portions of the Livestock Management Facilities Act, (iii) emergency rules adopted by the Illinois Department of Public Health under subsections (a) through (i) of Section 2 of the Department of Public Health Act when necessary to protect the public's health, (iv) emergency rules adopted pursuant to subsection (n) of this Section, (v)
emergency rules adopted pursuant to subsection (o) of this
Section, or (vi) emergency rules adopted pursuant to subsection
(c-5) of this Section. Two or more emergency rules having
substantially the same purpose and effect shall be deemed to be
a single rule for purposes of this Section.

(c-5) To facilitate the maintenance of the program of group
health benefits provided to annuitants, survivors, and retired
employees under the State Employees Group Insurance Act of
1971, rules to alter the contributions to be paid by the State,
annuitants, survivors, retired employees, or any combination
of those entities, for that program of group health benefits,
shall be adopted as emergency rules. The adoption of those
rules shall be considered an emergency and necessary for the
public interest, safety, and welfare.

(d) In order to provide for the expeditious and timely
implementation of the State's fiscal year 1999 budget,
emergency rules to implement any provision of Public Act 90-587
or 90-588 or any other budget initiative for fiscal year 1999
may be adopted in accordance with this Section by the agency
charged with administering that provision or initiative,
except that the 24-month limitation on the adoption of
emergency rules and the provisions of Sections 5-115 and 5-125
do not apply to rules adopted under this subsection (d). The
adoption of emergency rules authorized by this subsection (d)
shall be deemed to be necessary for the public interest,
safety, and welfare.
(e) In order to provide for the expeditious and timely implementation of the State's fiscal year 2000 budget, emergency rules to implement any provision of Public Act 91-24 or any other budget initiative for fiscal year 2000 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (e). The adoption of emergency rules authorized by this subsection (e) shall be deemed to be necessary for the public interest, safety, and welfare.

(f) In order to provide for the expeditious and timely implementation of the State's fiscal year 2001 budget, emergency rules to implement any provision of Public Act 91-712 or any other budget initiative for fiscal year 2001 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (f). The adoption of emergency rules authorized by this subsection (f) shall be deemed to be necessary for the public interest, safety, and welfare.

(g) In order to provide for the expeditious and timely implementation of the State's fiscal year 2002 budget,
emergency rules to implement any provision of Public Act 92-10
or any other budget initiative for fiscal year 2002 may be
adopted in accordance with this Section by the agency charged
with administering that provision or initiative, except that
the 24-month limitation on the adoption of emergency rules and
the provisions of Sections 5-115 and 5-125 do not apply to
rules adopted under this subsection (g). The adoption of
emergency rules authorized by this subsection (g) shall be
deemed to be necessary for the public interest, safety, and
welfare.

(h) In order to provide for the expeditious and timely
implementation of the State's fiscal year 2003 budget,
emergency rules to implement any provision of Public Act 92-597
or any other budget initiative for fiscal year 2003 may be
adopted in accordance with this Section by the agency charged
with administering that provision or initiative, except that
the 24-month limitation on the adoption of emergency rules and
the provisions of Sections 5-115 and 5-125 do not apply to
rules adopted under this subsection (h). The adoption of
emergency rules authorized by this subsection (h) shall be
deemed to be necessary for the public interest, safety, and
welfare.

(i) In order to provide for the expeditious and timely
implementation of the State's fiscal year 2004 budget,
emergency rules to implement any provision of Public Act 93-20
or any other budget initiative for fiscal year 2004 may be
adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (i). The adoption of emergency rules authorized by this subsection (i) shall be deemed to be necessary for the public interest, safety, and welfare.

(j) In order to provide for the expeditious and timely implementation of the provisions of the State's fiscal year 2005 budget as provided under the Fiscal Year 2005 Budget Implementation (Human Services) Act, emergency rules to implement any provision of the Fiscal Year 2005 Budget Implementation (Human Services) Act may be adopted in accordance with this Section by the agency charged with administering that provision, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (j). The Department of Public Aid may also adopt rules under this subsection (j) necessary to administer the Illinois Public Aid Code and the Children's Health Insurance Program Act. The adoption of emergency rules authorized by this subsection (j) shall be deemed to be necessary for the public interest, safety, and welfare.

(k) In order to provide for the expeditious and timely implementation of the provisions of the State's fiscal year
2006 budget, emergency rules to implement any provision of Public Act 94-48 or any other budget initiative for fiscal year 2006 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (k). The Department of Healthcare and Family Services may also adopt rules under this subsection (k) necessary to administer the Illinois Public Aid Code, the Senior Citizens and Persons with Disabilities Property Tax Relief Act, the Senior Citizens and Disabled Persons Prescription Drug Discount Program Act (now the Illinois Prescription Drug Discount Program Act), and the Children's Health Insurance Program Act. The adoption of emergency rules authorized by this subsection (k) shall be deemed to be necessary for the public interest, safety, and welfare.

(l) In order to provide for the expeditious and timely implementation of the provisions of the State's fiscal year 2007 budget, the Department of Healthcare and Family Services may adopt emergency rules during fiscal year 2007, including rules effective July 1, 2007, in accordance with this subsection to the extent necessary to administer the Department's responsibilities with respect to amendments to the State plans and Illinois waivers approved by the federal Centers for Medicare and Medicaid Services necessitated by the
requirements of Title XIX and Title XXI of the federal Social
Security Act. The adoption of emergency rules authorized by
this subsection (l) shall be deemed to be necessary for the
public interest, safety, and welfare.

(m) In order to provide for the expeditious and timely
implementation of the provisions of the State's fiscal year
2008 budget, the Department of Healthcare and Family Services
may adopt emergency rules during fiscal year 2008, including
rules effective July 1, 2008, in accordance with this
subsection to the extent necessary to administer the
Department's responsibilities with respect to amendments to
the State plans and Illinois waivers approved by the federal
Centers for Medicare and Medicaid Services necessitated by the
requirements of Title XIX and Title XXI of the federal Social
Security Act. The adoption of emergency rules authorized by
this subsection (m) shall be deemed to be necessary for the
public interest, safety, and welfare.

(n) In order to provide for the expeditious and timely
implementation of the provisions of the State's fiscal year
2010 budget, emergency rules to implement any provision of
Public Act 96-45 or any other budget initiative authorized by
the 96th General Assembly for fiscal year 2010 may be adopted
in accordance with this Section by the agency charged with
administering that provision or initiative. The adoption of
emergency rules authorized by this subsection (n) shall be
deemed to be necessary for the public interest, safety, and
welfare. The rulemaking authority granted in this subsection
(n) shall apply only to rules promulgated during Fiscal Year
2010.

(o) In order to provide for the expeditious and timely
implementation of the provisions of the State's fiscal year
2011 budget, emergency rules to implement any provision of
Public Act 96-958 or any other budget initiative authorized by
the 96th General Assembly for fiscal year 2011 may be adopted
in accordance with this Section by the agency charged with
administering that provision or initiative. The adoption of
emergency rules authorized by this subsection (o) is deemed to
be necessary for the public interest, safety, and welfare. The
rulemaking authority granted in this subsection (o) applies
only to rules promulgated on or after July 1, 2010 (the
effective date of Public Act 96-958) through June 30, 2011.

(p) In order to provide for the expeditious and timely
implementation of the provisions of Public Act 97-689,
emergency rules to implement any provision of Public Act 97-689
may be adopted in accordance with this subsection (p) by the
agency charged with administering that provision or
initiative. The 150-day limitation of the effective period of
current rules does not apply to rules adopted under this
subsection (p), and the effective period may continue through
June 30, 2013. The 24-month limitation on the adoption of
current rules does not apply to rules adopted under this
subsection (p). The adoption of emergency rules authorized by
this subsection (p) is deemed to be necessary for the public interest, safety, and welfare.

(q) In order to provide for the expeditious and timely implementation of the provisions of Articles 7, 8, 9, 11, and 12 of Public Act 98-104, emergency rules to implement any provision of Articles 7, 8, 9, 11, and 12 of Public Act 98-104 may be adopted in accordance with this subsection (q) by the agency charged with administering that provision or initiative. The 24-month limitation on the adoption of emergency rules does not apply to rules adopted under this subsection (q). The adoption of emergency rules authorized by this subsection (q) is deemed to be necessary for the public interest, safety, and welfare.

(r) In order to provide for the expeditious and timely implementation of the provisions of Public Act 98-651, emergency rules to implement Public Act 98-651 may be adopted in accordance with this subsection (r) by the Department of Healthcare and Family Services. The 24-month limitation on the adoption of emergency rules does not apply to rules adopted under this subsection (r). The adoption of emergency rules authorized by this subsection (r) is deemed to be necessary for the public interest, safety, and welfare.

(s) In order to provide for the expeditious and timely implementation of the provisions of Sections 5-5b.1 and 5A-2 of the Illinois Public Aid Code, emergency rules to implement any provision of Section 5-5b.1 or Section 5A-2 of the Illinois
Public Aid Code may be adopted in accordance with this subsection (s) by the Department of Healthcare and Family Services. The rulemaking authority granted in this subsection (s) shall apply only to those rules adopted prior to July 1, 2015. Notwithstanding any other provision of this Section, any emergency rule adopted under this subsection (s) shall only apply to payments made for State fiscal year 2015. The adoption of emergency rules authorized by this subsection (s) is deemed to be necessary for the public interest, safety, and welfare.

(t) In order to provide for the expeditious and timely implementation of the provisions of Article II of Public Act 99-6, emergency rules to implement the changes made by Article II of Public Act 99-6 to the Emergency Telephone System Act may be adopted in accordance with this subsection (t) by the Department of State Police. The rulemaking authority granted in this subsection (t) shall apply only to those rules adopted prior to July 1, 2016. The 24-month limitation on the adoption of emergency rules does not apply to rules adopted under this subsection (t). The adoption of emergency rules authorized by this subsection (t) is deemed to be necessary for the public interest, safety, and welfare.

(u) In order to provide for the expeditious and timely implementation of the provisions of the Burn Victims Relief Act, emergency rules to implement any provision of the Act may be adopted in accordance with this subsection (u) by the Department of Insurance. The rulemaking authority granted in
this subsection (u) shall apply only to those rules adopted prior to December 31, 2015. The adoption of emergency rules authorized by this subsection (u) is deemed to be necessary for the public interest, safety, and welfare.

(v) In order to provide for the expeditious and timely implementation of the provisions of Public Act 99-516, emergency rules to implement Public Act 99-516 may be adopted in accordance with this subsection (v) by the Department of Healthcare and Family Services. The 24-month limitation on the adoption of emergency rules does not apply to rules adopted under this subsection (v). The adoption of emergency rules authorized by this subsection (v) is deemed to be necessary for the public interest, safety, and welfare.

(w) In order to provide for the expeditious and timely implementation of the provisions of Public Act 99-796, emergency rules to implement the changes made by Public Act 99-796 may be adopted in accordance with this subsection (w) by the Adjutant General. The adoption of emergency rules authorized by this subsection (w) is deemed to be necessary for the public interest, safety, and welfare.

(x) In order to provide for the expeditious and timely implementation of the provisions of Public Act 99-906, emergency rules to implement subsection (i) of Section 16-115D, subsection (g) of Section 16-128A, and subsection (a) of Section 16-128B of the Public Utilities Act may be adopted in accordance with this subsection (x) by the Illinois Commerce
Commission. The rulemaking authority granted in this subsection (x) shall apply only to those rules adopted within 180 days after June 1, 2017 (the effective date of Public Act 99-906). The adoption of emergency rules authorized by this subsection (x) is deemed to be necessary for the public interest, safety, and welfare.

(y) In order to provide for the expeditious and timely implementation of the provisions of this amendatory Act of the 100th General Assembly, emergency rules to implement the changes made by this amendatory Act of the 100th General Assembly to Section 4.02 of the Illinois Act on Aging, Sections 5.5.4 and 5-5.4i of the Illinois Public Aid Code, Section 55-30 of the Alcoholism and Other Drug Abuse and Dependency Act, and Sections 74 and 75 of the Mental Health and Developmental Disabilities Administrative Act may be adopted in accordance with this subsection (y) by the respective Department. The adoption of emergency rules authorized by this subsection (y) is deemed to be necessary for the public interest, safety, and welfare.

(z) In order to provide for the expeditious and timely implementation of the provisions of this amendatory Act of the 100th General Assembly, emergency rules to implement the changes made by this amendatory Act of the 100th General Assembly to Section 4.7 of the Lobbyist Registration Act may be adopted in accordance with this subsection (z) by the Secretary of State. The adoption of emergency rules authorized by this
subsection (z) is deemed to be necessary for the public interest, safety, and welfare.

(aa) In order to provide for the expeditious and timely implementation of the Illinois Energy Transition Zone Act, emergency rules to implement the provisions of subsection (a-5) of Section 1-40 of the Illinois Energy Transition Zone Act may be adopted in accordance with this subsection (aa) by the Department of Commerce and Economic Opportunity for period of 12 months after the effective date of the Illinois Energy Transition Zone Act. The adoption of emergency rules authorized by this subsection (aa) is deemed to be necessary for the public interest, safety, and welfare.

(Source: P.A. 99-2, eff. 3-26-15; 99-6, eff. 1-1-16; 99-143, eff. 7-27-15; 99-455, eff. 1-1-16; 99-516, eff. 6-30-16; 99-642, eff. 7-28-16; 99-796, eff. 1-1-17; 99-906, eff. 6-1-17; 100-23, eff. 7-6-17; 100-554, eff. 11-16-17.)

Section 10-10. The State Finance Act is amended by adding Section 5.886 as follows:

(30 ILCS 105/5.886 new)

Sec. 5.886. The Energy Transition Fund.

Section 10-15. The Illinois Income Tax Act is amended by changing Section 201 as follows:
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, and ending prior to January 1, 2011, an amount equal to 3% of the
taxpayer's net income for the taxable year.

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

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

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

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

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

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

(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, and ending prior to January 1, 2011, an amount equal to 4.8% of the taxpayer's net income for the taxable year.

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

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

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

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

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

(14) In the case of a corporation, for taxable years
beginning on or after July 1, 2017, an amount equal to 7% of the taxpayer's net income for the taxable year. The rates under this subsection (b) are subject to the provisions of Section 201.5.

(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
(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 for use or consumption and not for resale, or services rendered in conjunction with the sale of tangible personal property for use or consumption and not for resale. For purposes of this subsection (e), "tangible personal property" has the same meaning as when that term
is used in the Retailers' Occupation Tax Act, and, for taxable years ending after December 31, 2008, does not include the generation, transmission, or distribution of electricity.

(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, 2018, except for costs incurred pursuant to a binding contract entered into on or before December 31, 2018.

(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%.

(f-1) Investment credit; Energy Transition 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 for the use of the production of green energy by a green energy enterprise in an Energy Transition Zone created pursuant to the Illinois Energy Transition 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-1) 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 0.5% 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 Energy Transition 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. 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-1);

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

(D) is used in the Energy Transition Zone by the taxpayer in relation to producing green energy; 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-1).

(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 Energy Transition 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 Energy Transition 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.
(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, and ending prior to January 1, 2022, 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.

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

(l) 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 (i) $500 for tax years ending prior to December 31, 2017, and (ii) $750 for tax years ending on or after December 31, 2017. In no event shall a credit under this subsection reduce the taxpayer's liability under this Act to less than zero. Notwithstanding any other provision of law, for taxable years beginning on or after January 1, 2017, no taxpayer may claim a credit under this
subsection (m) if the taxpayer's adjusted gross income for the taxable year exceeds (i) $500,000, in the case of spouses filing a joint federal tax return or (ii) $250,000, in the case of all other taxpayers. 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 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.

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

(1) the medical cannabis cultivation center
registration, medical cannabis dispensary registration, or
the property of a registration is transferred as a result
of any of the following:
(A) bankruptcy, a receivership, or a debt adjustment initiated by or against the initial registration or the substantial owners of the initial registration;

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

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

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

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

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

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

(2) the cannabis cultivation center registration, medical cannabis dispensary registration, or the controlling interest in a registrant's property is
transferred in a transaction to lineal descendants in which no gain or loss is recognized or as a result of a transaction in accordance with Section 351 of the Internal Revenue Code in which no gain or loss is recognized.
(Source: P.A. 100-22, eff. 7-6-17.)

Section 10-20. The Retailers' Occupation Tax Act is amended by adding Section 5k-1 as follows:

(35 ILCS 120/5k-1 new)

Sec. 5k-1. Building materials exemption; Energy Transition Zone.

(a) Each retailer who makes a qualified sale of building materials to be incorporated into a green energy project, as defined in the Energy Transition Zone Act, being built by a green energy enterprise in an Energy Transition Zone established by or municipality under the Illinois Energy Transition Zone Act by remodeling, rehabilitation or new construction, may deduct receipts from such sales when calculating the tax imposed by this Act. For purposes of this Section, "qualified sale" means a sale of building materials that will be incorporated into real estate as part of a building project for which an Energy Transition Zone Building Materials Exemption Certificate has been issued to the purchaser by the Department. A construction contractor or other entity shall not make tax-free purchases unless it has an
(b) To document the exemption allowed under this Section, the retailer must obtain from the purchaser the certification required under subsection (c), which must contain the Energy Transition Zone Building Materials Exemption Certificate number issued to the purchaser by the Department. Upon request from the Energy Transition Zone Administrator, the Department shall issue an Energy Transition Zone Building Materials Exemption Certificate for each construction contractor or other entity identified by the Energy Transition Zone Administrator. The Department shall make the Energy Transition Zone Building Materials Exemption Certificates available directly to each Energy Transition Zone Administrator, construction contractor, or other entity. The request for Energy Transition Zone Building Materials Exemption Certificates from the Energy Transition Zone Administrator to the Department must include the following information:

(1) the name and address of the construction contractor or other entity;
(2) the name and number of the Energy Transition Zone;
(3) the name and location or address of the green energy;
(4) the estimated amount of the exemption for each construction contractor or other entity for which a request
for Energy Transition Zone Building Materials Exemption Certificate is made, based on a stated estimated average tax rate and the percentage of the contract that consists of materials;

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

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

The Department shall issue the Energy Transition Zone Building Materials Exemption Certificates within 3 business days after receipt of request from the Zone Administrator. This requirement does not apply in circumstances where the Department, for reasonable cause, is unable to issue the Energy Transition Zone Building Materials Exemption Certificate within 3 business days. The Department may refuse to issue an Energy Transition Zone Building Materials Exemption Certificate if the owner, any partner, or a corporate officer,
and in the case of a limited liability company, any manager or
member, of the construction contractor or other entity is or
has been the owner, a partner, a corporate officer, and in the
case of a limited liability company, a manager or member, of a
person that is in default for moneys due to the Department
under this Act or any other tax or fee Act administered by the
Department. The Energy Transition Zone Building Materials
Exemption Certificate shall contain language stating that if
the construction contractor or other entity who is issued the
Energy Transition Zone Building Materials Exemption
Certificate makes a tax-exempt purchase, as described in this
Section, that is not eligible for exemption under this Section
or allows another person to make a tax-exempt purchase, as
described in this Section, that is not eligible for exemption
under this Section, then, in addition to any tax or other
penalty imposed, the construction contractor or other entity is
subject to a penalty equal to the tax that would have been paid
by the retailer under this Act as well as any applicable local
retailers' occupation tax on the purchase that is not eligible
for the exemption.

The Department, in its discretion, may require that the
request for Energy Transition Zone Building Materials
Exemption Certificates be submitted electronically. The
Department may, in its discretion, issue the Energy Transition
Zone Building Materials Exemption Certificates electronically.
Certificate number shall be designed in such a way that the Department can identify from the unique number on the Energy Transition Zone Building Materials Exemption Certificate issued to a given construction contractor or other entity, the name of the Energy Transition Zone, the project for which the Energy Transition Zone Building Materials Exemption Certificate is issued, and the construction contractor or other entity to whom the Energy Transition Zone Building Materials Exemption Certificate is issued. The Energy Transition Zone Building Materials Exemption Certificate shall contain an expiration date, which shall be no more than 2 years after the date of issuance. At the request of the Zone Administrator, the Department may renew an Energy Transition Zone Building Materials Exemption Certificate. After the Department issues Energy Transition Zone Building Materials Exemption Certificates for a given Energy Transition Zone project, the Energy Transition Zone Administrator may notify the Department of additional construction contractors or other entities eligible for an Energy Transition Zone Building Materials Exemption Certificate. Upon notification by the Energy Transition Zone Administrator and subject to the other provisions of this subsection (b), the Department shall issue an Energy Transition Zone Building Materials Exemption Certificate to each additional construction contractor or other entity identified by the Energy Transition Zone Administrator. An Energy Transition Zone Administrator may
notify the Department to rescind an Energy Transition Zone Building Materials Exemption Certificate previously issued by the Department but that has not yet expired. Upon notification by the Energy Transition Zone Administrator and subject to the other provisions of this subsection (b), the Department shall issue the rescission of the Energy Transition Zone Building Materials Exemption Certificate to the construction contractor or other entity identified by the Energy Transition Zone Administrator and provide a copy to the Energy Transition Zone Administrator.

If the Department of Revenue determines that a construction contractor or other entity that was issued an Energy Transition Zone Building Materials Exemption Certificate under this subsection (b) made a tax-exempt purchase, as described in this Section, that was not eligible for exemption under this Section or allowed another person to make a tax-exempt purchase, as described in this Section, that was not eligible for exemption under this Section, then, in addition to any tax or other penalty imposed, the construction contractor or other entity is subject to a penalty equal to the tax that would have been paid by the retailer under this Act as well as any applicable local retailers' occupation tax on the purchase that was not eligible for the exemption.

(c) In addition, the retailer must obtain certification from the purchaser that contains:

(1) a statement that the building materials are being
purchased for incorporation into a green energy project located in an Illinois Energy Transition Zone;

(2) the location or address of the real estate into which the building materials will be incorporated;

(3) the name of the Energy Transition Zone in which that real estate is located;

(4) a description of the building materials being purchased;

(5) the purchaser's Energy Transition Zone Building Materials Exemption Certificate number issued by the Department; and

(6) the purchaser's signature and date of purchase.

(d) The deduction allowed by this Section for the sale of building materials may be limited, to the extent authorized by ordinance by the municipality or county that created the Energy Transition Zone into which the building materials will be incorporated. The ordinance, however, may neither require nor prohibit the purchase of building materials from any retailer or class of retailers in order to qualify for the exemption allowed under this Section. The provisions of this Section are exempt from Section 2-70.

Section 10-25. The Illinois Municipal Code is amended by changing Section 8-11-2 as follows:

(65 ILCS 5/8-11-2) (from Ch. 24, par. 8-11-2)
Sec. 8-11-2. The corporate authorities of any municipality may tax any or all of the following occupations or privileges:

1. (Blank).

2. Persons engaged in the business of distributing, supplying, furnishing, or selling gas for use or consumption within the corporate limits of a municipality of 500,000 or fewer population, and not for resale, at a rate not to exceed 5% of the gross receipts therefrom.

2a. Persons engaged in the business of distributing, supplying, furnishing, or selling gas for use or consumption within the corporate limits of a municipality of over 500,000 population, and not for resale, at a rate not to exceed 8% of the gross receipts therefrom. If imposed, this tax shall be paid in monthly payments.

3. The privilege of using or consuming electricity acquired in a purchase at retail and used or consumed within the corporate limits of the municipality at rates not to exceed the following maximum rates, calculated on a monthly basis for each purchaser:

   (i) For the first 2,000 kilowatt-hours used or consumed in a month; 0.61 cents per kilowatt-hour;

   (ii) For the next 48,000 kilowatt-hours used or consumed in a month; 0.40 cents per kilowatt-hour;

   (iii) For the next 50,000 kilowatt-hours used or consumed in a month; 0.36 cents per kilowatt-hour;

   (iv) For the next 400,000 kilowatt-hours used or consumed in a month; 0.25 cents per kilowatt-hour;
consumed in a month; 0.35 cents per kilowatt-hour;

(v) For the next 500,000 kilowatt-hours used or consumed in a month; 0.34 cents per kilowatt-hour;

(vi) For the next 2,000,000 kilowatt-hours used or consumed in a month; 0.32 cents per kilowatt-hour;

(vii) For the next 2,000,000 kilowatt-hours used or consumed in a month; 0.315 cents per kilowatt-hour;

(viii) For the next 5,000,000 kilowatt-hours used or consumed in a month; 0.31 cents per kilowatt-hour;

(ix) For the next 10,000,000 kilowatt-hours used or consumed in a month; 0.305 cents per kilowatt-hour;

and

(x) For all electricity used or consumed in excess of 20,000,000 kilowatt-hours in a month, 0.30 cents per kilowatt-hour.

If a municipality imposes a tax at rates lower than either the maximum rates specified in this Section or the alternative maximum rates promulgated by the Illinois Commerce Commission, as provided below, the tax rates shall be imposed upon the kilowatt hour categories set forth above with the same proportional relationship as that which exists among such maximum rates. Notwithstanding the foregoing, until December 31, 2008, no municipality shall establish rates that are in excess of rates reasonably calculated to produce revenues that equal the maximum total revenues such municipality could have received under the
tax authorized by this subparagraph in the last full
calendar year prior to August 1, 1998 (the effective date
of Section 65 of Public Act 90-561); provided that this
shall not be a limitation on the amount of tax revenues
actually collected by such municipality.

Upon the request of the corporate authorities of a
municipality, the Illinois Commerce Commission shall,
within 90 days after receipt of such request, promulgate
alternative rates for each of these kilowatt-hour
categories that will reflect, as closely as reasonably
practical for that municipality, the distribution of the
tax among classes of purchasers as if the tax were based on
a uniform percentage of the purchase price of electricity.
A municipality that has adopted an ordinance imposing a tax
pursuant to subparagraph 3 as it existed prior to August 1,
1998 (the effective date of Section 65 of Public Act
90-561) may, rather than imposing the tax permitted by
Public Act 90-561, continue to impose the tax pursuant to
that ordinance with respect to gross receipts received from
residential customers through July 31, 1999, and with
respect to gross receipts from any non-residential
customer until the first bill issued to such customer for
delivery services in accordance with Section 16-104 of the
Public Utilities Act but in no case later than the last
bill issued to such customer before December 31, 2000. No
ordinance imposing the tax permitted by Public Act 90-561
shall be applicable to any non-residential customer until the first bill issued to such customer for delivery services in accordance with Section 16-104 of the Public Utilities Act but in no case later than the last bill issued to such non-residential customer before December 31, 2000.

4. Persons engaged in the business of distributing, supplying, furnishing, or selling water for use or consumption within the corporate limits of the municipality, and not for resale, at a rate not to exceed 5% of the gross receipts therefrom.

None of the taxes authorized by this Section may be imposed with respect to any transaction in interstate commerce or otherwise to the extent to which the business or privilege may not, under the constitution and statutes of the United States, be made the subject of taxation by this State or any political sub-division thereof; nor shall any persons engaged in the business of distributing, supplying, furnishing, selling or transmitting gas, water, or electricity, or using or consuming electricity acquired in a purchase at retail, be subject to taxation under the provisions of this Section for those transactions that are or may become subject to taxation under the provisions of the Municipal Retailers' Occupation Tax Act authorized by Section 8-11-1; nor shall any tax authorized by this Section be imposed upon any person engaged in a business or on any privilege unless the tax is imposed in like manner
and at the same rate upon all persons engaged in businesses of the same class in the municipality, whether privately or municipally owned or operated, or exercising the same privilege within the municipality.

Any of the taxes enumerated in this Section may be in addition to the payment of money, or value of products or services furnished to the municipality by the taxpayer as compensation for the use of its streets, alleys, or other public places, or installation and maintenance therein, thereon or thereunder of poles, wires, pipes, or other equipment used in the operation of the taxpayer's business.

(a) If the corporate authorities of any home rule municipality have adopted an ordinance that imposed a tax on public utility customers, between July 1, 1971, and October 1, 1981, on the good faith belief that they were exercising authority pursuant to Section 6 of Article VII of the 1970 Illinois Constitution, that action of the corporate authorities shall be declared legal and valid, notwithstanding a later decision of a judicial tribunal declaring the ordinance invalid. No municipality shall be required to rebate, refund, or issue credits for any taxes described in this paragraph, and those taxes shall be deemed to have been levied and collected in accordance with the Constitution and laws of this State.

(b) In any case in which (i) prior to October 19, 1979, the corporate authorities of any municipality have adopted an ordinance imposing a tax authorized by this Section (or by the
predecessor provision of the Revised Cities and Villages Act) and have explicitly or in practice interpreted gross receipts to include either charges added to customers' bills pursuant to the provision of paragraph (a) of Section 36 of the Public Utilities Act or charges added to customers' bills by taxpayers who are not subject to rate regulation by the Illinois Commerce Commission for the purpose of recovering any of the tax liabilities or other amounts specified in such paragraph (a) of Section 36 of that Act, and (ii) on or after October 19, 1979, a judicial tribunal has construed gross receipts to exclude all or part of those charges, then neither that municipality nor any taxpayer who paid the tax shall be required to rebate, refund, or issue credits for any tax imposed or charge collected from customers pursuant to the municipality's interpretation prior to October 19, 1979. This paragraph reflects a legislative finding that it would be contrary to the public interest to require a municipality or its taxpayers to refund taxes or charges attributable to the municipality's more inclusive interpretation of gross receipts prior to October 19, 1979, and is not intended to prescribe or limit judicial construction of this Section. The legislative finding set forth in this subsection does not apply to taxes imposed after January 1, 1996 (the effective date of Public Act 89-325).

(c) The tax authorized by subparagraph 3 shall be collected from the purchaser by the person maintaining a place of business in this State who delivers the electricity to the
purchaser. This tax shall constitute a debt of the purchaser to the person who delivers the electricity to the purchaser and if unpaid, is recoverable in the same manner as the original charge for delivering the electricity. Any tax required to be collected pursuant to an ordinance authorized by subparagraph 3 and any such tax collected by a person delivering electricity shall constitute a debt owed to the municipality by such person delivering the electricity, provided, that the person delivering electricity shall be allowed credit for such tax related to deliveries of electricity the charges for which are written off as uncollectible, and provided further, that if such charges are thereafter collected, the delivering supplier shall be obligated to remit such tax. For purposes of this subsection (c), any partial payment not specifically identified by the purchaser shall be deemed to be for the delivery of electricity. Persons delivering electricity shall collect the tax from the purchaser by adding such tax to the gross charge for delivering the electricity, in the manner prescribed by the municipality. Persons delivering electricity shall also be authorized to add to such gross charge an amount equal to 3% of the tax to reimburse the person delivering electricity for the expenses incurred in keeping records, billing customers, preparing and filing returns, remitting the tax and supplying data to the municipality upon request. If the person delivering electricity fails to collect the tax from the purchaser, then the purchaser shall be required to pay the tax
directly to the municipality in the manner prescribed by the municipality. Persons delivering electricity who file returns pursuant to this paragraph (c) shall, at the time of filing such return, pay the municipality the amount of the tax collected pursuant to subparagraph 3.

(d) For the purpose of the taxes enumerated in this Section:

"Gross receipts" means the consideration received for distributing, supplying, furnishing or selling gas for use or consumption and not for resale, and the consideration received for distributing, supplying, furnishing or selling water for use or consumption and not for resale, and for all services rendered in connection therewith valued in money, whether received in money or otherwise, including cash, credit, services and property of every kind and material and for all services rendered therewith, and shall be determined without any deduction on account of the cost of the service, product or commodity supplied, the cost of materials used, labor or service cost, or any other expenses whatsoever. "Gross receipts" shall not include that portion of the consideration received for distributing, supplying, furnishing, or selling gas or water to business enterprises or green energy enterprises described in paragraph (e) of this Section to the extent and during the period in which the exemption authorized by paragraph (e) is in effect or for school districts or units of local government described in paragraph (f) during the
period in which the exemption authorized in paragraph (f) is in effect.

For utility bills issued on or after May 1, 1996, but before May 1, 1997, and for receipts from those utility bills, "gross receipts" does not include one-third of (i) amounts added to customers' bills under Section 9-222 of the Public Utilities Act, or (ii) amounts added to customers' bills by taxpayers who are not subject to rate regulation by the Illinois Commerce Commission for the purpose of recovering any of the tax liabilities described in Section 9-222 of the Public Utilities Act. For utility bills issued on or after May 1, 1997, but before May 1, 1998, and for receipts from those utility bills, "gross receipts" does not include two-thirds of (i) amounts added to customers' bills under Section 9-222 of the Public Utilities Act, or (ii) amount added to customers' bills by taxpayers who are not subject to rate regulation by the Illinois Commerce Commission for the purpose of recovering any of the tax liabilities described in Section 9-222 of the Public Utilities Act. For utility bills issued on or after May 1, 1998, and for receipts from those utility bills, "gross receipts" does not include (i) amounts added to customers' bills under Section 9-222 of the Public Utilities Act, or (ii) amounts added to customers' bills by taxpayers who are not subject to rate regulation by the Illinois Commerce Commission for the purpose of recovering any of the tax liabilities described in Section 9-222 of the Public Utilities Act.
For purposes of this Section "gross receipts" shall not include amounts added to customers' bills under Section 9-221 of the Public Utilities Act. This paragraph is not intended to nor does it make any change in the meaning of "gross receipts" for the purposes of this Section, but is intended to remove possible ambiguities, thereby confirming the existing meaning of "gross receipts" prior to January 1, 1996 (the effective date of Public Act 89-325).

"Person" as used in this Section means any natural individual, firm, trust, estate, partnership, association, joint stock company, joint adventure, corporation, limited liability company, municipal corporation, the State or any of its political subdivisions, any State university created by statute, or a receiver, trustee, guardian or other representative appointed by order of any court.

"Person maintaining a place of business in this State" shall mean any person having or maintaining within this State, directly or by a subsidiary or other affiliate, an office, generation facility, distribution facility, transmission facility, sales office or other place of business, or any employee, agent, or other representative operating within this State under the authority of the person or its subsidiary or other affiliate, irrespective of whether such place of business or agent or other representative is located in this State permanently or temporarily, or whether such person, subsidiary or other affiliate is licensed or qualified to do business in
"Public utility" shall have the meaning ascribed to it in Section 3-105 of the Public Utilities Act and shall include alternative retail electric suppliers as defined in Section 16-102 of that Act.

"Purchase at retail" shall mean any acquisition of electricity by a purchaser for purposes of use or consumption, and not for resale, but shall not include the use of electricity by a public utility directly in the generation, production, transmission, delivery or sale of electricity.

"Purchaser" shall mean any person who uses or consumes, within the corporate limits of the municipality, electricity acquired in a purchase at retail.

(e) Any municipality that imposes taxes upon public utilities or upon the privilege of using or consuming electricity pursuant to this Section whose territory includes any part of an enterprise zone, Energy Transition Zone, or federally designated Foreign Trade Zone or Sub-Zone may, by a majority vote of its corporate authorities, exempt from those taxes for a period not exceeding 20 years any specified percentage of gross receipts of public utilities received from, or electricity used or consumed by, business enterprises or green energy enterprises that:

(1) either (i) make investments that cause the creation of a minimum of 200 full-time equivalent jobs in Illinois, (ii) make investments of at least $175,000,000 that cause
the creation of a minimum of 150 full-time equivalent jobs in Illinois, or (iii) make investments that cause the retention of a minimum of 1,000 full-time jobs in Illinois; and

(2) are either (i) located in an Enterprise Zone established pursuant to the Illinois Enterprise Zone Act or (ii) Department of Commerce and Economic Opportunity designated High Impact Businesses located in a federally designated Foreign Trade Zone or Sub-Zone; or (iii) located in an Energy Transition Zone established pursuant to the Illinois Energy Transition Zone Act; and

(3) are certified by the Department of Commerce and Economic Opportunity as complying with the requirements specified in clauses (1) and (2) of this paragraph (e).

Upon adoption of the ordinance authorizing the exemption, the municipal clerk shall transmit a copy of that ordinance to the Department of Commerce and Economic Opportunity. The Department of Commerce and Economic Opportunity shall determine whether the business enterprises or green energy enterprises located in the municipality meet the criteria prescribed in this paragraph. If the Department of Commerce and Economic Opportunity determines that the business enterprises or green energy enterprises meet the criteria, it shall grant certification. The Department of Commerce and Economic Opportunity shall act upon certification requests within 30 days after receipt of the ordinance.
Upon certification of the business enterprise or green energy enterprises by the Department of Commerce and Economic Opportunity, the Department of Commerce and Economic Opportunity shall notify the Department of Revenue of the certification. The Department of Revenue shall notify the public utilities of the exemption status of the gross receipts received from, and the electricity used or consumed by, the certified business enterprises and certified green energy enterprises. Such exemption status shall be effective within 3 months after certification.

(f) A municipality that imposes taxes upon public utilities or upon the privilege of using or consuming electricity under this Section and whose territory includes part of another unit of local government or a school district may by ordinance exempt the other unit of local government or school district from those taxes.

(g) The amendment of this Section by Public Act 84-127 shall take precedence over any other amendment of this Section by any other amendatory Act passed by the 84th General Assembly before August 1, 1985 (the effective date of Public Act 84-127).

(h) In any case in which, before July 1, 1992, a person engaged in the business of transmitting messages through the use of mobile equipment, such as cellular phones and paging systems, has determined the municipality within which the gross receipts from the business originated by reference to the
location of its transmitting or switching equipment, then (i) neither the municipality to which tax was paid on that basis nor the taxpayer that paid tax on that basis shall be required to rebate, refund, or issue credits for any such tax or charge collected from customers to reimburse the taxpayer for the tax and (ii) no municipality to which tax would have been paid with respect to those gross receipts if the provisions of Public Act 87-773 had been in effect before July 1, 1992, shall have any claim against the taxpayer for any amount of the tax.

(Source: P.A. 100-201, eff. 8-18-17.)

Section 10-30. The Public Utilities Act is amended by changing Sections 9-221 and 9-222 and by adding Section 9-222.1b as follows:

(220 ILCS 5/9-221) (from Ch. 111 2/3, par. 9-221)

Sec. 9-221. Whenever a municipality pursuant to Section 8-11-2 of the Illinois Municipal Code, as heretofore and hereafter amended, imposes a tax on any public utility, such utility may charge its customers, other than customers who are certified business enterprises or certified green energy enterprises under paragraph (e) of Section 8-11-2 of the Illinois Municipal Code or are exempted from those taxes under paragraph (f) of that Section, to the extent of such exemption and during the period in which such exemption is in effect, in addition to any rate authorized by this Act, an additional
charge equal to the sum of (1) an amount equal to such 
municipal tax, or any part thereof (2) 3% of such tax, or any 
part thereof, as the case may be, to cover costs of accounting, 
and (3) an amount equal to the increase in taxes and other 
payments to governmental bodies resulting from the amount of 
such additional charge. Such utility shall file with the 
Commission a true and correct copy of the municipal ordinance 
imposing such tax; and also shall file with the Commission a 
supplemental schedule applicable to such municipality which 
shall specify such additional charge and which shall become 
effective upon filing without further notice. Such additional 
charge shall be shown separately on the utility bill to each 
customer. The Commission shall have power to investigate 
whether or not such supplemental schedule correctly specifies 
such additional charge, but shall have no power to suspend such 
supplemental schedule. If the Commission finds, after a 
hearing, that such supplemental schedule does not correctly 
specify such additional charge, it shall by order require a 
refund to the appropriate customers of the excess, if any, with 
interest, in such manner as it shall deem just and reasonable, 
and in and by such order shall require the utility to file an 
amended supplemental schedule corresponding to the finding and 
order of the Commission.

(Source: P.A. 87-895; 88-132.)

(220 ILCS 5/9-222) (from Ch. 111 2/3, par. 9-222)
Sec. 9-222. Whenever a tax is imposed upon a public utility engaged in the business of distributing, supplying, furnishing, or selling gas for use or consumption pursuant to Section 2 of the Gas Revenue Tax Act, or whenever a tax is required to be collected by a delivering supplier pursuant to Section 2-7 of the Electricity Excise Tax Act, or whenever a tax is imposed upon a public utility pursuant to Section 2-202 of this Act, such utility may charge its customers, other than customers who are high impact businesses under Section 5.5 of the Illinois Enterprise Zone Act, or certified business enterprises under Section 9-222.1 of this Act, or certified green energy enterprises under Section 9-221.B, to the extent of such exemption and during the period in which such exemption is in effect, in addition to any rate authorized by this Act, an additional charge equal to the total amount of such taxes. The exemption of this Section relating to high impact businesses shall be subject to the provisions of subsections (a), (b), and (b-5) of Section 5.5 of the Illinois Enterprise Zone Act. This requirement shall not apply to taxes on invested capital imposed pursuant to the Messages Tax Act, the Gas Revenue Tax Act and the Public Utilities Revenue Act. Such utility shall file with the Commission a supplemental schedule which shall specify such additional charge and which shall become effective upon filing without further notice. Such additional charge shall be shown separately on the utility bill to each customer. The Commission shall have the power to
investigate whether or not such supplemental schedule correctly specifies such additional charge, but shall have no power to suspend such supplemental schedule. If the Commission finds, after a hearing, that such supplemental schedule does not correctly specify such additional charge, it shall by order require a refund to the appropriate customers of the excess, if any, with interest, in such manner as it shall deem just and reasonable, and in and by such order shall require the utility to file an amended supplemental schedule corresponding to the finding and order of the Commission. Except with respect to taxes imposed on invested capital, such tax liabilities shall be recovered from customers solely by means of the additional charges authorized by this Section.

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

(220 ILCS 5/9-222.1b new)

Sec. 9-222.1b. Green energy enterprises. A green energy enterprise as defined in the Illinois Energy Transition Zone Act, which is located within an area designated by a county or municipality as an Energy Transition Zone pursuant to the Illinois Energy Transition Zone Act shall be exempt from the additional charges added to the green energy enterprise's utility bills as a pass-on of municipal and State utility taxes under Sections 9-221 and 9-222 of this Act, to the extent such charges are exempted by ordinance adopted in accordance with paragraph (e) of Section 8-11-2 of the Illinois Municipal Code
in the case of municipal utility taxes, and to the extent such
charges are exempted by the percentage specified by the
Department of Commerce and Economic Opportunity in the case of
State utility taxes, provided such green energy enterprise
meets the following criteria:

(1) it (i) makes investments which cause the creation
of a minimum of 200 full-time equivalent jobs in an Energy
Transition Zone; (ii) makes investments of at least
$175,000,000 which cause the creation of a minimum of 150
full-time equivalent jobs in an Energy Transition Zone; or
(iii) makes investments which cause the retention of a
minimum of 1,000 full-time jobs in an Energy Transition
Zone; and

(2) it is located in an Energy Transition Zone
established pursuant to the Illinois Energy Transition
Zone Act; and

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

The Department of Commerce and Economic Opportunity shall
determine the period during which such exemption from the
charges imposed under Section 9-222 is in effect which shall
not exceed 30 years or the certified term of the energy
transition Zone, whichever period is shorter.

The Department of Commerce and Economic Opportunity shall
have the power to adopt rules to carry out the provisions of
this Section including procedures for complying with the
requirements specified in clauses (1) and (2) of this Section
and procedures for applying for the exemptions authorized under
this Section; to define the amounts and types of eligible
investments which green energy enterprises must make in order
to receive State utility tax exemptions pursuant to Sections
9-222 and 9-222.1B of this Act; to approve such utility tax
exemptions for green energy enterprises whose investments are
not yet placed in service; and to require that green energy
enterprises granted tax exemptions repay the exempted tax
should the green energy enterprise fail to comply with the
terms and conditions of the certification. However, no green
ergy enterprise shall be required, as a condition for
certification under clause (3) of this Section, to attest that
its decision to invest under clause (1) of this Section and to
locate under clause (2) of this Section is predicated upon the
availability of the exemptions authorized by this Section.

A green energy enterprise shall be exempt, in whole or in
part, from the pass-on charges of municipal utility taxes
imposed under Section 9-221, only if it meets the criteria
specified in clauses (1) through (3) of this Section and the
municipality has adopted an ordinance authorizing the
exemption under paragraph (e) of Section 8-11-2 of the Illinois
Municipal Code. Upon certification of the green energy
enterprises by the Department of Commerce and Economic
Opportunity, the Department of Commerce and Economic
Opportunity shall notify the Department of Revenue of such certification. The Department of Revenue shall notify the public utilities of the exemption status of green energy enterprises from the pass-on charges of State and municipal utility taxes. Such exemption status shall be effective within 3 months after certification of the green energy enterprise.

Article 99. Effective date

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