

1 AN ACT concerning the environment.

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

4 Section 5. The Illinois Enterprise Zone Act is amended  
5 by adding Section 4.5 as follows:

6 (20 ILCS 655/4.5 new)

7 Sec. 4.5. Eligibility of environmental remediation  
8 projects. A project eligible for an environmental  
9 remediation tax credit under Section 58.14 of the  
10 Environmental Protection Act may be eligible for the  
11 incentives provided under this Act as provided in subsection  
12 (f-10) of Section 58.14 of the Environmental Protection Act.

13 Section 10. The State Finance Act is amended by adding  
14 Section 5.545 as follows:

15 (30 ILCS 105/5.545 new)

16 Sec. 5.545. The Distressed Communities and Industries  
17 Grant Fund. Subsections (b) and (c) of Section 5 of this Act  
18 do not apply to this Fund.

19 Section 15. The Economic Development for a Growing  
20 Economy Tax Credit Act is amended by changing Section 5-20 as  
21 follows:

22 (35 ILCS 10/5-20)

23 Sec. 5-20. Application for a project to create and  
24 retain new jobs.

25 (a) Any Taxpayer proposing a project located or planned  
26 to be located in Illinois may request consideration for  
27 designation of its project, by formal written letter of

1 request or by formal application to the Department, in which  
2 the Applicant states its intent to make at least a specified  
3 level of investment and intends to hire or retain a specified  
4 number of full-time employees at a designated location in  
5 Illinois. As circumstances require, the Department may  
6 require a formal application from an Applicant and a formal  
7 letter of request for assistance.

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

10 (1) involve an investment of at least \$5,000,000 in  
11 capital improvements to be placed in service and to  
12 employ at least 25 New Employees within the State as a  
13 direct result of the project; ~~or~~

14 (2) involve an investment of at least an amount (to  
15 be expressly specified by the Department and the  
16 Committee) in capital improvements to be placed in  
17 service and will employ at least an amount (to be  
18 expressly specified by the Department and the Committee)  
19 of New Employees within the State, provided that the  
20 Department and the Committee have determined that the  
21 project will provide a substantial economic benefit to  
22 the State; or

23 (3) meet the requirements set forth in subsection  
24 (f-10) of Section 58.14 of the Environmental Protection  
25 Act.

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

29 (Source: P.A. 91-476, eff. 8-11-99.)

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

32 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

1           Sec. 201. Tax Imposed.

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

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

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

16                 (2) In the case of an individual, trust or estate,  
17 for taxable years beginning prior to July 1, 1989 and  
18 ending after June 30, 1989, an amount equal to the sum of  
19 (i) 2 1/2% of the taxpayer's net income for the period  
20 prior to July 1, 1989, as calculated under Section 202.3,  
21 and (ii) 3% of the taxpayer's net income for the period  
22 after June 30, 1989, as calculated under Section 202.3.

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

27                 (4) (Blank).

28                 (5) (Blank).

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

32                 (7) In the case of a corporation, for taxable years  
33 beginning prior to July 1, 1989 and ending after June 30,  
34 1989, an amount equal to the sum of (i) 4% of the

1 taxpayer's net income for the period prior to July 1,  
2 1989, as calculated under Section 202.3, and (ii) 4.8% of  
3 the taxpayer's net income for the period after June 30,  
4 1989, as calculated under Section 202.3.

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

8 (c) Beginning on July 1, 1979 and thereafter, in  
9 addition to such income tax, there is also hereby imposed the  
10 Personal Property Tax Replacement Income Tax measured by net  
11 income on every corporation (including Subchapter S  
12 corporations), partnership and trust, for each taxable year  
13 ending after June 30, 1979. Such taxes are imposed on the  
14 privilege of earning or receiving income in or as a resident  
15 of this State. The Personal Property Tax Replacement Income  
16 Tax shall be in addition to the income tax imposed by  
17 subsections (a) and (b) of this Section and in addition to  
18 all other occupation or privilege taxes imposed by this State  
19 or by any municipal corporation or political subdivision  
20 thereof.

21 (d) Additional Personal Property Tax Replacement Income  
22 Tax Rates. The personal property tax replacement income tax  
23 imposed by this subsection and subsection (c) of this Section  
24 in the case of a corporation, other than a Subchapter S  
25 corporation and except as adjusted by subsection (d-1), shall  
26 be an additional amount equal to 2.85% of such taxpayer's net  
27 income for the taxable year, except that beginning on January  
28 1, 1981, and thereafter, the rate of 2.85% specified in this  
29 subsection shall be reduced to 2.5%, and in the case of a  
30 partnership, trust or a Subchapter S corporation shall be an  
31 additional amount equal to 1.5% of such taxpayer's net income  
32 for the taxable year.

33 (d-1) Rate reduction for certain foreign insurers. In  
34 the case of a foreign insurer, as defined by Section 35A-5 of

1 the Illinois Insurance Code, whose state or country of  
2 domicile imposes on insurers domiciled in Illinois a  
3 retaliatory tax (excluding any insurer whose premiums from  
4 reinsurance assumed are 50% or more of its total insurance  
5 premiums as determined under paragraph (2) of subsection (b)  
6 of Section 304, except that for purposes of this  
7 determination premiums from reinsurance do not include  
8 premiums from inter-affiliate reinsurance arrangements),  
9 beginning with taxable years ending on or after December 31,  
10 1999, the sum of the rates of tax imposed by subsections (b)  
11 and (d) shall be reduced (but not increased) to the rate at  
12 which the total amount of tax imposed under this Act, net of  
13 all credits allowed under this Act, shall equal (i) the total  
14 amount of tax that would be imposed on the foreign insurer's  
15 net income allocable to Illinois for the taxable year by such  
16 foreign insurer's state or country of domicile if that net  
17 income were subject to all income taxes and taxes measured by  
18 net income imposed by such foreign insurer's state or country  
19 of domicile, net of all credits allowed or (ii) a rate of  
20 zero if no such tax is imposed on such income by the foreign  
21 insurer's state of domicile. For the purposes of this  
22 subsection (d-1), an inter-affiliate includes a mutual  
23 insurer under common management.

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

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

31 (B) the privilege tax imposed by Section 409  
32 of the Illinois Insurance Code, the fire insurance  
33 company tax imposed by Section 12 of the Fire  
34 Investigation Act, and the fire department taxes

1           imposed under Section 11-10-1 of the Illinois  
2           Municipal Code,  
3           equals 1.25% of the net taxable premiums written for the  
4           taxable year, as described by subsection (1) of Section  
5           409 of the Illinois Insurance Code. This paragraph will  
6           in no event increase the rates imposed under subsections  
7           (b) and (d).

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

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

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

20          (1) A taxpayer shall be allowed a credit equal to  
21          .5% of the basis of qualified property placed in service  
22          during the taxable year, provided such property is placed  
23          in service on or after July 1, 1984. There shall be  
24          allowed an additional credit equal to .5% of the basis of  
25          qualified property placed in service during the taxable  
26          year, provided such property is placed in service on or  
27          after July 1, 1986, and the taxpayer's base employment  
28          within Illinois has increased by 1% or more over the  
29          preceding year as determined by the taxpayer's employment  
30          records filed with the Illinois Department of Employment  
31          Security. Taxpayers who are new to Illinois shall be  
32          deemed to have met the 1% growth in base employment for  
33          the first year in which they file employment records with  
34          the Illinois Department of Employment Security. The

1 provisions added to this Section by Public Act 85-1200  
2 (and restored by Public Act 87-895) shall be construed as  
3 declaratory of existing law and not as a new enactment.  
4 If, in any year, the increase in base employment within  
5 Illinois over the preceding year is less than 1%, the  
6 additional credit shall be limited to that percentage  
7 times a fraction, the numerator of which is .5% and the  
8 denominator of which is 1%, but shall not exceed .5%.  
9 The investment credit shall not be allowed to the extent  
10 that it would reduce a taxpayer's liability in any tax  
11 year below zero, nor may any credit for qualified  
12 property be allowed for any year other than the year in  
13 which the property was placed in service in Illinois. For  
14 tax years ending on or after December 31, 1987, and on or  
15 before December 31, 1988, the credit shall be allowed for  
16 the tax year in which the property is placed in service,  
17 or, if the amount of the credit exceeds the tax liability  
18 for that year, whether it exceeds the original liability  
19 or the liability as later amended, such excess may be  
20 carried forward and applied to the tax liability of the 5  
21 taxable years following the excess credit years if the  
22 taxpayer (i) makes investments which cause the creation  
23 of a minimum of 2,000 full-time equivalent jobs in  
24 Illinois, (ii) is located in an enterprise zone  
25 established pursuant to the Illinois Enterprise Zone Act  
26 and (iii) is certified by the Department of Commerce and  
27 Community Affairs as complying with the requirements  
28 specified in clause (i) and (ii) by July 1, 1986. The  
29 Department of Commerce and Community Affairs shall notify  
30 the Department of Revenue of all such certifications  
31 immediately. For tax years ending after December 31,  
32 1988, the credit shall be allowed for the tax year in  
33 which the property is placed in service, or, if the  
34 amount of the credit exceeds the tax liability for that

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

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

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

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

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

25 (D) is used in Illinois by a taxpayer who is  
26 primarily engaged in manufacturing, or in mining  
27 coal or fluorite, or in retailing; and

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

32 (3) For purposes of this subsection (e),  
33 "manufacturing" means the material staging and production  
34 of tangible personal property by procedures commonly



1 regarded as manufacturing, processing, fabrication, or  
2 assembling which changes some existing material into new  
3 shapes, new qualities, or new combinations. For purposes  
4 of this subsection (e) the term "mining" shall have the  
5 same meaning as the term "mining" in Section 613(c) of  
6 the Internal Revenue Code. For purposes of this  
7 subsection (e), the term "retailing" means the sale of  
8 tangible personal property or services rendered in  
9 conjunction with the sale of tangible consumer goods or  
10 commodities.

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

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

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

22 (7) If during any taxable year, any property ceases  
23 to be qualified property in the hands of the taxpayer  
24 within 48 months after being placed in service, or the  
25 situs of any qualified property is moved outside Illinois  
26 within 48 months after being placed in service, the  
27 Personal Property Tax Replacement Income Tax for such  
28 taxable year shall be increased. Such increase shall be  
29 determined by (i) recomputing the investment credit which  
30 would have been allowed for the year in which credit for  
31 such property was originally allowed by eliminating such  
32 property from such computation and, (ii) subtracting such  
33 recomputed credit from the amount of credit previously  
34 allowed. For the purposes of this paragraph (7), a

1 reduction of the basis of qualified property resulting  
2 from a redetermination of the purchase price shall be  
3 deemed a disposition of qualified property to the extent  
4 of such reduction.

5 (8) Unless the investment credit is extended by  
6 law, the basis of qualified property shall not include  
7 costs incurred after December 31, 2003, except for costs  
8 incurred pursuant to a binding contract entered into on  
9 or before December 31, 2003.

10 (9) Each taxable year ending before December 31,  
11 2000, a partnership may elect to pass through to its  
12 partners the credits to which the partnership is entitled  
13 under this subsection (e) for the taxable year. A  
14 partner may use the credit allocated to him or her under  
15 this paragraph only against the tax imposed in  
16 subsections (c) and (d) of this Section. If the  
17 partnership makes that election, those credits shall be  
18 allocated among the partners in the partnership in  
19 accordance with the rules set forth in Section 704(b) of  
20 the Internal Revenue Code, and the rules promulgated  
21 under that Section, and the allocated amount of the  
22 credits shall be allowed to the partners for that taxable  
23 year. The partnership shall make this election on its  
24 Personal Property Tax Replacement Income Tax return for  
25 that taxable year. The election to pass through the  
26 credits shall be irrevocable.

27 For taxable years ending on or after December 31,  
28 2000, a partner that qualifies its partnership for a  
29 subtraction under subparagraph (I) of paragraph (2) of  
30 subsection (d) of Section 203 or a shareholder that  
31 qualifies a Subchapter S corporation for a subtraction  
32 under subparagraph (S) of paragraph (2) of subsection (b)  
33 of Section 203 shall be allowed a credit under this  
34 subsection (e) equal to its share of the credit earned

1 under this subsection (e) during the taxable year by the  
2 partnership or Subchapter S corporation, determined in  
3 accordance with the determination of income and  
4 distributive share of income under Sections 702 and 704  
5 and Subchapter S of the Internal Revenue Code. This  
6 paragraph is exempt from the provisions of Section 250.

7 (f) Investment credit; Enterprise Zone.

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

1 there is a liability. If there is credit from more than  
2 one tax year that is available to offset a liability, the  
3 credit accruing first in time shall be applied first.

4 (2) The term qualified property means property  
5 which:

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

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

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

16 (D) is used in the Enterprise Zone by the  
17 taxpayer; and

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

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

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

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

33 (6) If during any taxable year, any property ceases  
34 to be qualified property in the hands of the taxpayer

1 within 48 months after being placed in service, or the  
2 situs of any qualified property is moved outside the  
3 Enterprise Zone within 48 months after being placed in  
4 service, the tax imposed under subsections (a) and (b) of  
5 this Section for such taxable year shall be increased.  
6 Such increase shall be determined by (i) recomputing the  
7 investment credit which would have been allowed for the  
8 year in which credit for such property was originally  
9 allowed by eliminating such property from such  
10 computation, and (ii) subtracting such recomputed credit  
11 from the amount of credit previously allowed. For the  
12 purposes of this paragraph (6), a reduction of the basis  
13 of qualified property resulting from a redetermination of  
14 the purchase price shall be deemed a disposition of  
15 qualified property to the extent of such reduction.

16 (g) Jobs Tax Credit; Enterprise Zone and Foreign Trade  
17 Zone or Sub-Zone.

18 (1) A taxpayer conducting a trade or business in an  
19 enterprise zone or a High Impact Business designated by  
20 the Department of Commerce and Community Affairs  
21 conducting a trade or business in a federally designated  
22 Foreign Trade Zone or Sub-Zone shall be allowed a credit  
23 against the tax imposed by subsections (a) and (b) of  
24 this Section in the amount of \$500 per eligible employee  
25 hired to work in the zone during the taxable year.

26 (2) To qualify for the credit:

27 (A) the taxpayer must hire 5 or more eligible  
28 employees to work in an enterprise zone or federally  
29 designated Foreign Trade Zone or Sub-Zone during the  
30 taxable year;

31 (B) the taxpayer's total employment within the  
32 enterprise zone or federally designated Foreign  
33 Trade Zone or Sub-Zone must increase by 5 or more  
34 full-time employees beyond the total employed in

1 that zone at the end of the previous tax year for  
2 which a jobs tax credit under this Section was  
3 taken, or beyond the total employed by the taxpayer  
4 as of December 31, 1985, whichever is later; and

5 (C) the eligible employees must be employed  
6 180 consecutive days in order to be deemed hired for  
7 purposes of this subsection.

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

10 (A) Certified by the Department of Commerce  
11 and Community Affairs as "eligible for services"  
12 pursuant to regulations promulgated in accordance  
13 with Title II of the Job Training Partnership Act,  
14 Training Services for the Disadvantaged or Title III  
15 of the Job Training Partnership Act, Employment and  
16 Training Assistance for Dislocated Workers Program.

17 (B) Hired after the enterprise zone or  
18 federally designated Foreign Trade Zone or Sub-Zone  
19 was designated or the trade or business was located  
20 in that zone, whichever is later.

21 (C) Employed in the enterprise zone or Foreign  
22 Trade Zone or Sub-Zone. An employee is employed in  
23 an enterprise zone or federally designated Foreign  
24 Trade Zone or Sub-Zone if his services are rendered  
25 there or it is the base of operations for the  
26 services performed.

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

29 (4) For tax years ending on or after December 31,  
30 1985 and prior to December 31, 1988, the credit shall be  
31 allowed for the tax year in which the eligible employees  
32 are hired. For tax years ending on or after December 31,  
33 1988, the credit shall be allowed for the tax year  
34 immediately following the tax year in which the eligible

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

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

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

15 (h) Investment credit; High Impact Business.

16 (1) Subject to subsection (b) of Section 5.5 of the  
17 Illinois Enterprise Zone Act, a taxpayer shall be allowed  
18 a credit against the tax imposed by subsections (a) and  
19 (b) of this Section for investment in qualified property  
20 which is placed in service by a Department of Commerce  
21 and Community Affairs designated High Impact Business.  
22 The credit shall be .5% of the basis for such property.  
23 The credit shall not be available until the minimum  
24 investments in qualified property set forth in Section  
25 5.5 of the Illinois Enterprise Zone Act have been  
26 satisfied and shall not be allowed to the extent that it  
27 would reduce a taxpayer's liability for the tax imposed  
28 by subsections (a) and (b) of this Section to below zero.  
29 The credit applicable to such minimum investments shall  
30 be taken in the taxable year in which such minimum  
31 investments have been completed. The credit for  
32 additional investments beyond the minimum investment by a  
33 designated high impact business shall be available only  
34 in the taxable year in which the property is placed in

1 service and shall not be allowed to the extent that it  
2 would reduce a taxpayer's liability for the tax imposed  
3 by subsections (a) and (b) of this Section to below zero.  
4 For tax years ending on or after December 31, 1987, the  
5 credit shall be allowed for the tax year in which the  
6 property is placed in service, or, if the amount of the  
7 credit exceeds the tax liability for that year, whether  
8 it exceeds the original liability or the liability as  
9 later amended, such excess may be carried forward and  
10 applied to the tax liability of the 5 taxable years  
11 following the excess credit year. The credit shall be  
12 applied to the earliest year for which there is a  
13 liability. If there is credit from more than one tax  
14 year that is available to offset a liability, the credit  
15 accruing first in time shall be applied first.

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

19 (2) The term qualified property means property  
20 which:

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

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

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

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

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



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

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

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

12 (6) If during any taxable year ending on or before  
13 December 31, 1996, any property ceases to be qualified  
14 property in the hands of the taxpayer within 48 months  
15 after being placed in service, or the situs of any  
16 qualified property is moved outside Illinois within 48  
17 months after being placed in service, the tax imposed  
18 under subsections (a) and (b) of this Section for such  
19 taxable year shall be increased. Such increase shall be  
20 determined by (i) recomputing the investment credit which  
21 would have been allowed for the year in which credit for  
22 such property was originally allowed by eliminating such  
23 property from such computation, and (ii) subtracting such  
24 recomputed credit from the amount of credit previously  
25 allowed. For the purposes of this paragraph (6), a  
26 reduction of the basis of qualified property resulting  
27 from a redetermination of the purchase price shall be  
28 deemed a disposition of qualified property to the extent  
29 of such reduction.

30 (7) Beginning with tax years ending after December  
31, 1996, if a taxpayer qualifies for the credit under  
32 this subsection (h) and thereby is granted a tax  
33 abatement and the taxpayer relocates its entire facility  
34 in violation of the explicit terms and length of the

1 contract under Section 18-183 of the Property Tax Code,  
2 the tax imposed under subsections (a) and (b) of this  
3 Section shall be increased for the taxable year in which  
4 the taxpayer relocated its facility by an amount equal to  
5 the amount of credit received by the taxpayer under this  
6 subsection (h).

7 (i) A credit shall be allowed against the tax imposed by  
8 subsections (a) and (b) of this Section for the tax imposed  
9 by subsections (c) and (d) of this Section. This credit  
10 shall be computed by multiplying the tax imposed by  
11 subsections (c) and (d) of this Section by a fraction, the  
12 numerator of which is base income allocable to Illinois and  
13 the denominator of which is Illinois base income, and further  
14 multiplying the product by the tax rate imposed by  
15 subsections (a) and (b) of this Section.

16 Any credit earned on or after December 31, 1986 under  
17 this subsection which is unused in the year the credit is  
18 computed because it exceeds the tax liability imposed by  
19 subsections (a) and (b) for that year (whether it exceeds the  
20 original liability or the liability as later amended) may be  
21 carried forward and applied to the tax liability imposed by  
22 subsections (a) and (b) of the 5 taxable years following the  
23 excess credit year. This credit shall be applied first to  
24 the earliest year for which there is a liability. If there  
25 is a credit under this subsection from more than one tax year  
26 that is available to offset a liability the earliest credit  
27 arising under this subsection shall be applied first.

28 If, during any taxable year ending on or after December  
29 31, 1986, the tax imposed by subsections (c) and (d) of this  
30 Section for which a taxpayer has claimed a credit under this  
31 subsection (i) is reduced, the amount of credit for such tax  
32 shall also be reduced. Such reduction shall be determined by  
33 recomputing the credit to take into account the reduced tax  
34 imposed by subsection (c) and (d). If any portion of the

1 reduced amount of credit has been carried to a different  
2 taxable year, an amended return shall be filed for such  
3 taxable year to reduce the amount of credit claimed.

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

23 Any credit allowed under this subsection which is unused  
24 in the year the credit is earned may be carried forward to  
25 each of the 5 taxable years following the year for which the  
26 credit is first computed until it is used. This credit shall  
27 be applied first to the earliest year for which there is a  
28 liability. If there is a credit under this subsection from  
29 more than one tax year that is available to offset a  
30 liability the earliest credit arising under this subsection  
31 shall be applied first.

32 (k) Research and development credit.

33 Beginning with tax years ending after July 1, 1990, a  
34 taxpayer shall be allowed a credit against the tax imposed by

1 subsections (a) and (b) of this Section for increasing  
2 research activities in this State. The credit allowed  
3 against the tax imposed by subsections (a) and (b) shall be  
4 equal to 6 1/2% of the qualifying expenditures for increasing  
5 research activities in this State. For partners, shareholders  
6 of subchapter S corporations, and owners of limited liability  
7 companies, if the liability company is treated as a  
8 partnership for purposes of federal and State income  
9 taxation, there shall be allowed a credit under this  
10 subsection to be determined in accordance with the  
11 determination of income and distributive share of income  
12 under Sections 702 and 704 and subchapter S of the Internal  
13 Revenue Code.

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

27 Any credit in excess of the tax liability for the taxable  
28 year may be carried forward. A taxpayer may elect to have the  
29 unused credit shown on its final completed return carried  
30 over as a credit against the tax liability for the following  
31 5 taxable years or until it has been fully used, whichever  
32 occurs first.

33 If an unused credit is carried forward to a given year  
34 from 2 or more earlier years, that credit arising in the

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

11 Unless extended by law, the credit shall not include  
12 costs incurred after December 31, 2004, except for costs  
13 incurred pursuant to a binding contract entered into on or  
14 before December 31, 2004.

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

18 (1) Environmental Remediation Tax Credit.

19 (i) For tax years ending after December 31, 1997  
20 and on or before December 31, 2010 ~~2004~~, a taxpayer shall  
21 be allowed a credit against the tax imposed by  
22 subsections (a) and (b) of this Section for certain  
23 amounts paid for unreimbursed eligible remediation costs,  
24 as specified in this subsection. For purposes of this  
25 Section, "unreimbursed eligible remediation costs" means  
26 costs approved by the Illinois Environmental Protection  
27 Agency ("Agency") under Section 58.14 of the  
28 Environmental Protection Act that were paid in performing  
29 environmental remediation at a site accepted into the  
30 Site Remediation Program that meets the criteria set  
31 forth in Section 58.14 of the Illinois Environmental  
32 Protection Act. The credit applies only to costs  
33 incurred during the 10-year period following the  
34 acceptance of the site into the Site Remediation Program

1 unless an extension of this period is granted by the  
2 Agency for which a No Further Remediation Letter was  
3 issued by the Agency and recorded under Section 58.10 of  
4 the Environmental Protection Act. The credit must be  
5 claimed for the taxable year in which Agency approval of  
6 the eligible remediation costs is granted. The credit is  
7 not available to any taxpayer if the taxpayer or any  
8 related party caused or contributed to, in any material  
9 respect, a release of regulated substances on, in, or  
10 under the site that is being was identified and addressed  
11 by the remedial action pursuant to the Site Remediation  
12 Program of the Environmental Protection Act. After the  
13 Pollution Control Board rules are adopted pursuant to the  
14 Illinois Administrative Procedure Act for the  
15 administration and enforcement of Section 58.9 of the  
16 Environmental Protection Act, determinations as to credit  
17 availability for purposes of this Section shall be made  
18 consistent with those rules. For purposes of this  
19 Section, "taxpayer" includes a person whose tax  
20 attributes the taxpayer has succeeded to under Section  
21 381 of the Internal Revenue Code and "related party"  
22 includes the persons disallowed a deduction for losses by  
23 paragraphs (b), (c), and (f)(1) of Section 267 of the  
24 Internal Revenue Code by virtue of being a related  
25 taxpayer, as well as any of its partners. The credit  
26 allowed against the tax imposed by subsections (a) and  
27 (b) shall be equal to 100% 25% of the unreimbursed  
28 eligible remediation costs, as set forth in Section 58.14  
29 of the Environmental Protection Act in excess of \$100,000  
30 per site, except that the \$100,000 threshold shall not  
31 apply to any site contained in an enterprise zone as  
32 determined by the Department of Commerce and Community  
33 Affairs. The total credit allowed shall not exceed  
34 \$40,000 per year with a maximum total of \$150,000 per

1 site. For partners and shareholders of subchapter S  
 2 corporations, there shall be allowed a credit under this  
 3 subsection to be determined in accordance with the  
 4 determination of income and distributive share of income  
 5 under Sections 702 and 704 and of subchapter S of the  
 6 Internal Revenue Code.

7 (ii) Until the Agency issues a No Further  
 8 Remediation Letter for the site, no more than 75% of the  
 9 allowed credit may be claimed by the eligible taxpayer.  
 10 The remaining 25% in allowed tax credits may be claimed  
 11 following the issuance by the Agency of a No Further  
 12 Remediation Letter for the site.

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

1 and provide written notice to the Director of the  
2 Illinois Department of Revenue of (i) the assignor's  
3 intent to transfer the tax credits to the assignee, (ii)  
4 the date the transfer is effective, (iii) the assignee's  
5 name and address, (iv) the assignee's tax period, and (v)  
6 the amount of tax credits to be transferred. The number  
7 of tax periods during which the assignee may subsequently  
8 claim the tax credits shall not exceed 15 tax periods,  
9 less the number of tax periods the assignor previously  
10 claimed the credits before the transfer occurred sell-the  
11 remediation-site-and-the-amount-of-the-tax-credit--to--be  
12 transferred--as-a-portion-of-the-sale. In no event may a  
13 credit be transferred to any taxpayer if the taxpayer or  
14 a related party would not be eligible under the  
15 provisions of subsection (i).

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

19 The changes made to this subsection (l) by this  
20 amendatory Act of the 92nd General Assembly apply to taxable  
21 years ending on or after December 31, 2001.

22 (m) Education expense credit.

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



1 For purposes of this subsection;

2 "Qualifying pupils" means individuals who (i) are  
3 residents of the State of Illinois, (ii) are under the age of  
4 21 at the close of the school year for which a credit is  
5 sought, and (iii) during the school year for which a credit  
6 is sought were full-time pupils enrolled in a kindergarten  
7 through twelfth grade education program at any school, as  
8 defined in this subsection.

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

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

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

23 (Source: P.A. 90-123, eff. 7-21-97; 90-458, eff. 8-17-97;  
24 90-605, eff. 6-30-98; 90-655, eff. 7-30-98; 90-717, eff.  
25 8-7-98; 90-792, eff. 1-1-99; 91-9, eff. 1-1-00; 91-357, eff.  
26 7-29-99; 91-643, eff. 8-20-99; 91-644, eff. 8-20-99; 91-860,  
27 eff. 6-22-00; 91-913, eff. 1-1-01; revised 10-24-00.)

28 Section 25. The Environmental Protection Act is amended  
29 by changing Section 58.14 and adding Section 58.13a as  
30 follows:

31 (415 ILCS 5/58.13a new)

32 Sec. 58.13a. Distressed Communities and Industries Grant

1 Fund.

2 (a) The Director of Commerce and Community Affairs,  
3 subject to other applicable provisions of this Title XVII,  
4 may issue a grant to any entity for the purpose of paying the  
5 allowable costs needed to cause an eligible project to occur,  
6 including, but not limited to, demolition, remediation, site  
7 preparation remediation, or site investigation costs, subject  
8 to the following conditions:

9 (1) The project otherwise qualifies as an eligible  
10 project in accordance with Section 58.14 and is  
11 economically sound.

12 (2) Twenty-five percent of all grant funds will be  
13 made available to counties with populations over  
14 2,000,000 and the remaining grant funds will be disbursed  
15 throughout the State.

16 (3) The proposed recipient of the grant given under  
17 this Section is unable to finance the entire cost of the  
18 project through ordinary financial channels.

19 (4) When completed, the eligible project is  
20 projected to involve an investment of at least an amount  
21 (to be expressly specified by the Department) in capital  
22 improvements to be placed in service and will employ at  
23 least an amount (to be expressly specified by the  
24 Department) of new employees within the State, provided  
25 that the Department has determined that the project will  
26 provide a substantial economic benefit to the State.  
27 This projection shall be made by the proposed recipient  
28 and confirmed by the Department of Commerce and Community  
29 Affairs.

30 (5) The amount to be issued in a grant shall not  
31 exceed \$1,000,000 or 100% of the allowable cost,  
32 whichever is less. In no event, however, may the total  
33 financial assistance provided under this Section, Section  
34 58.14, and Section 201 of the Illinois Income Tax Act

1 exceed the allowable cost.

2 (6) Priority for grants issued under this Section  
3 shall be given to areas with high levels of poverty,  
4 where the unemployment rate exceeds the State average,  
5 where an enterprise zone exists, or where the area is  
6 otherwise economically depressed as determined by the  
7 Department of Commerce and Community Affairs.

8 (b) The determinations of the Department of Commerce and  
9 Community Affairs under this Section shall be conclusive for  
10 purposes of the validity of a grant agreement signed by the  
11 Director of Commerce and Community Affairs.

12 (c) Grants issued under this Section shall be such as  
13 the Department of Commerce and Community Affairs determines  
14 to be appropriate and in furtherance of the purpose for which  
15 the grants are made. The moneys used in making the grants  
16 shall be disbursed from the Distressed Communities and  
17 Industries Grant Fund upon written order of the Department of  
18 Commerce and Community Affairs.

19 (d) The grants issued under this Section shall be used  
20 for the purposes approved by the Department of Commerce and  
21 Community Affairs. In no event, however, shall the grant  
22 money be used to hire or pay additional employees of the  
23 grant recipient.

24 (e) The Department of Commerce and Community Affairs may  
25 fix service charges for the making of a grant to offset its  
26 costs of administering the program and processing grant  
27 applications. The charges shall be payable at such time and  
28 place and in such amounts and manner as may be prescribed by  
29 the Department.

30 (f) In the exercise of the sound discretion of the  
31 Department of Commerce and Community Affairs, the grant  
32 described in this Section may be terminated, suspended, or  
33 revoked if the grant recipient fails to continue to meet the  
34 conditions set forth in this Section. In making such a

1 determination, the Department of Commerce and Community  
2 Affairs shall consider the severity of the condition  
3 violation, actions taken to correct the violation, the  
4 frequency of any condition violations, and whether the  
5 actions exhibit a pattern of conduct by the recipient. The  
6 Department shall also consider changes in general economic  
7 conditions affecting the project. The Department shall  
8 notify the Director of the Agency of the suspension or  
9 revocation of the grant. In the event the grant recipient  
10 fails to repay the grant, the Department of Commerce and  
11 Community Affairs shall refer the matter to the Attorney  
12 General to institute collection proceedings as appropriate.  
13 In any event, however, the Department of Commerce and  
14 Community Affairs may immediately file a lien on the property  
15 that is the subject of the grant in accordance with  
16 applicable law.

17 (g) There is hereby created in the State treasury a  
18 special fund to be known as the Distressed Communities and  
19 Industries Grant Fund. The Fund is intended to provide  
20 \$10,000,000 annually in uncommitted funds for grants that are  
21 to be made under this Section. The Fund shall consist of all  
22 moneys that may be appropriated to it by the General  
23 Assembly, any gifts, contributions, grants, or bequests  
24 received from federal, private, or other sources, and moneys  
25 from the repayment of any grants terminated, suspended, or  
26 revoked under this Section. Subsections (b) and (c) of  
27 Section 5 of the State Finance Act do not apply to the  
28 Distressed Communities and Industries Grant Fund.

29 (A) At least annually, the State Treasurer shall  
30 certify the amount deposited into the Fund to the  
31 Department of Commerce and Community Affairs.

32 (B) Any portion of the Fund not immediately needed  
33 for the purposes authorized shall be invested by the  
34 State Treasurer as provided by the constitution and laws

1 of this State. All income from the investments shall be  
2 credited to the Fund.

3 (h) Within 6 months after the effective date of this  
4 amendatory Act of the 92nd General Assembly, the Agency and  
5 the Department of Commerce and Community Affairs shall  
6 propose rules prescribing procedures and standards for the  
7 administration of this Section.

8 (415 ILCS 5/58.14)

9 Sec. 58.14. Environmental Remediation Tax Credit review.

10 (a) Prior to applying for the Environmental Remediation  
11 Tax Credit under Section 201 of the Illinois Income Tax Act,  
12 Remediation Applicants shall first submit to the Agency an  
13 application for review of remediation costs. The application  
14 and review process shall be conducted in accordance with the  
15 requirements of this Section and the rules adopted under  
16 subsection (g). A preliminary review of the estimated  
17 remediation costs for development and implementation of the  
18 Remedial Action Plan may be obtained in accordance with  
19 subsection (d).

20 ~~(b) No application for review shall be submitted until a~~  
21 ~~No Further Remediation Letter has been issued by the Agency~~  
22 ~~and recorded in the chain of title for the site in accordance~~  
23 ~~with Section 58-10.~~ The Agency shall review the application  
24 to determine whether the costs submitted are remediation  
25 costs, and whether the costs incurred are reasonable. The  
26 application shall be on forms prescribed and provided by the  
27 Agency. At a minimum, the application shall include the  
28 following:

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

33 (2) a determination by the Department of Commerce

1 and Community Affairs that remediation of the site for  
 2 which the credit is being sought will result in a net  
 3 economic benefit to the State of Illinois. "Net economic  
 4 benefit" shall be determined based on factors such as the  
 5 number of jobs created, the number of jobs retained if it  
 6 is demonstrated the jobs would otherwise be lost, capital  
 7 investment, capital improvements, the number of  
 8 construction-related jobs, increased sales, material  
 9 purchases, other increases in service and operational  
 10 expenditures, and other factors established by the  
 11 Department of Commerce and Community Affairs. Priority  
 12 shall be given to sites located in areas with high levels  
 13 of poverty, where the unemployment rate exceeds the State  
 14 average, where an enterprise zone exists, or where the  
 15 area is otherwise economically depressed as determined by  
 16 the Department of Commerce and Community Affairs a--copy  
 17 of--the--No--Further--Remediation--Letter--with--official  
 18 verification--that--the--letter--has--been--recorded--in--the  
 19 chain--of--title--for--the--site--and--a--demonstration--that--the  
 20 site--for--which--the--application--is--submitted--is--the--same  
 21 site--as--the--one--for--which--the--No--Further--Remediation  
 22 Letter--is--issued;

23 (3) a demonstration that the release of the  
 24 regulated substances of concern that is being remediated  
 25 under the Site Remediation Program was for-which-the-No  
 26 Further-Remediation-Letter-was-issued-were not caused or  
 27 contributed to in any material respect by the Remediation  
 28 Applicant. After the Pollution Control Board rules are  
 29 adopted pursuant to the Illinois Administrative Procedure  
 30 Act for the administration and enforcement of Section  
 31 58.9 of the Environmental Protection Act, determinations  
 32 as to credit availability shall be made consistent with  
 33 those rules;

34 (4) an itemization and documentation, including

1 receipts, of the remediation costs incurred;

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

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

7 (7) an application fee in the amount set forth in  
8 subsection (e) for each site for which review of  
9 remediation costs is requested and, ~~if applicable,~~  
10 ~~certification from the Department of Commerce and~~  
11 ~~Community Affairs that the site is located in an~~  
12 ~~enterprise zone; and~~

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

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

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

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

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

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

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

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

34 (4) Submittal of a budget plan shall be deemed an



1 automatic 60-day waiver of the Remedial Action Plan  
2 review deadlines set forth in this Section and its rules.

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

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

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

20 (1) The fee for an application for review of  
21 remediation costs shall be \$1,000 for each site reviewed.

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

25 (3) In the case of a Remediation Applicant  
26 submitting for review total remediation costs of \$100,000  
27 or less for a site located within an enterprise zone (as  
28 set forth in paragraph (i) of subsection (1) of Section  
29 201 of the Illinois Income Tax Act), the fee for an  
30 application for review of remediation costs shall be \$250  
31 for each site reviewed. For those sites, there shall be  
32 no fee for review of a budget plan under subsection (d).

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

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

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

7 (f-5) The Agency may immediately file a lien on the  
8 property that is the subject of the tax credit in accordance  
9 with applicable law if the recipient of the tax credit fails  
10 to continue to meet the conditions set forth in this Section.  
11 In making such a determination, the Agency shall consider the  
12 severity of the condition violation, actions taken to correct  
13 the violation, the frequency of any condition violations, and  
14 whether the actions exhibit a pattern of conduct by the  
15 recipient. The Director of the Agency shall provide notice  
16 to the recipient of alleged noncompliance and allow the  
17 recipient a hearing under the provisions of the Illinois  
18 Administrative Procedure Act. If, after such notice and any  
19 hearing, the Agency determines that a noncompliance exists,  
20 the Director of the Agency shall notify the Director of  
21 Commerce and Community Affairs and the Director of Revenue of  
22 the suspension or revocation of the tax credit.

23 (f-10) For eligible projects, the Director of Commerce  
24 and Community Affairs, with notice to the Directors of the  
25 Agency and Revenue, and subject to the other provisions of  
26 Section 201 of the Illinois Income Tax Act and this Section,  
27 may not create a new enterprise zone but may decide that a  
28 prospective operator of a facility being remedied and  
29 renovated under this Section may receive the tax credits and  
30 exemptions under the Economic Development for a Growing  
31 Economy Tax Credit Act and the Illinois Enterprise Zone Act.  
32 The tax credits allowed under this subsection (f-10) shall be  
33 used to offset the tax imposed by subsections (a) and (b) of  
34 Section 201 of the Illinois Income Tax Act. For purposes of

1 this subsection (f-10):

2 (1) For receipt of the tax credit for new or  
3 expanded business facilities under the Economic  
4 Development for a Growing Economy Tax Credit Act and the  
5 Illinois Enterprise Zone Act, the eligible project must  
6 create at least 10 new jobs or retain businesses that  
7 supply at least 25 existing jobs, or a combination  
8 thereof. For purposes of this Section, the financial  
9 incentives described in the Economic Development for a  
10 Growing Economy Tax Credit Act are modified only as  
11 follows: the tax credit shall be \$400 per employee per  
12 year, an additional \$400 per year for each employee  
13 exceeding the minimum employment thresholds of 10 and 25  
14 jobs for new and existing businesses, respectively, and  
15 an additional \$400 per year for each person who is  
16 unemployed for at least 3 months immediately prior to  
17 being employed at the new business facility.

18 (g) Within 6 months after the effective date of this  
19 amendatory Act of 1997, the Agency shall propose rules  
20 prescribing procedures and standards for its administration  
21 of this Section. Within 6 months after receipt of the  
22 Agency's proposed rules, the Board shall adopt on second  
23 notice, pursuant to Sections 27 and 28 of this Act and the  
24 Illinois Administrative Procedure Act, rules that are  
25 consistent with this Section. Prior to the effective date of  
26 rules adopted under this Section, the Agency may conduct  
27 reviews of applications under this Section and the Agency is  
28 further authorized to distribute guidance documents on costs  
29 that are eligible or ineligible as remediation costs.

30 (h) Within 6 months after the effective date of this  
31 amendatory Act of the 92nd General Assembly, the Agency and  
32 the Department of Commerce and Community Affairs shall  
33 propose rules prescribing procedures and standards for the  
34 administration of this Section as changed by this amendatory

1 Act of the 92nd General Assembly.

2 (i) The changes relating to taxes made to this Section  
3 by this amendatory Act of the 92nd General Assembly apply to  
4 taxable years ending on or after December 31, 2001.

5 (Source: P.A. 90-123, eff. 7-21-97; 90-792, eff. 1-1-99.)

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