

1 AN ACT in relation to clean air.

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

4 Section 1. Short title. This Act may be cited as the
5 Illinois Clean Air Standards Act.

6 Section 3. Findings and purpose.

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

8 (1) Having safe, clean, breathable air is a
9 fundamental right of every citizen of Illinois. While
10 significant improvements in air quality have been made,
11 air pollution continues to degrade the atmosphere and
12 cause preventable discomfort, sickness, and death in this
13 State. It is an important function of State and federal
14 governments to take appropriate steps to improve air
15 quality in areas that suffer from pollution.

16 (2) Among the major contributors to air pollution
17 in Illinois are coal-fired electric generating plants.

18 (3) The federal government has imposed stricter
19 emission limitations on coal-fired electric generating
20 plants, designed to reduce emissions of 2 of the most
21 important air pollutants, sulfur dioxide and nitrogen
22 oxides.

23 (4) It is in the best interest of the health and
24 safety of the people of Illinois that the operators of
25 coal-fired electric generating plants in Illinois be
26 encouraged to begin meeting those stricter standards as
27 quickly as possible.

28 (b) It is the purpose of this Act to improve and protect
29 air quality in this State by incorporating into State law
30 certain stricter emission standards for coal-fired electric
31 generating plants that are similar to the new federal

1 standards. It is also the purpose of this Act to provide
2 certain incentives to operators of coal-fired electric
3 generating plants to begin meeting those standards as quickly
4 as possible, thereby increasing the environmental and health
5 benefits to the people of this State.

6 Section 5. Definitions. For the purposes of this Act:

7 "Board" means the Pollution Control Board.

8 "Generating unit" means any coal-fired electricity
9 generating facility with a nameplate capacity of 15 megawatts
10 or greater used primarily to generate electricity for sale.

11 Section 10. Air emissions standards for coal-fired
12 generating units.

13 (a) Beginning January 1, 2006, notwithstanding any other
14 requirements applicable to such units, emissions of air
15 pollutants from coal-fired electric generating units with
16 nameplate capacity greater than or equal to 340 megawatts
17 shall not exceed the following:

18 (1) Sulfur dioxide emissions shall not exceed 4.5
19 pounds per megawatt hour and total annual sulfur dioxide
20 emissions shall not exceed 4.5 pounds multiplied by the
21 average annual megawatt hours generated by the units in
22 the calendar years 1996 through 1998.

23 (2) Nitrogen oxide emissions shall not exceed 2
24 pounds multiplied by the average annual megawatt hours
25 generated by the units in the calendar years 1996 through
26 1998.

27 (b) Beginning January 1, 2006, notwithstanding any other
28 requirements applicable to such units, total emissions from
29 coal-fired electric generating units with a nameplate
30 capacity of less than 340 megawatts shall not exceed a
31 statewide emissions cap based on the following:

32 (1) Total annual sulfur dioxide emissions shall not

1 exceed 4.5 pounds per megawatt hour multiplied by the
2 average annual megawatt hours generated by such units in
3 the calendar years 1996 through 1999.

4 (2) Total annual nitrogen oxide emissions shall not
5 exceed 2 pounds per megawatt hour multiplied by the
6 average annual megawatt hours generated by such units in
7 the calendar years 1996 through 1999.

8 Section 15. Rules. Not later than January 1, 2002, the
9 Pollution Control Board shall promulgate rules to achieve the
10 emissions reduction requirements specified in Section 10.
11 The rules shall include implementation of the emission
12 reduction objectives specified in subsections (a) and (b) of
13 Section 10 through an emission cap and trading mechanism. The
14 rules shall achieve the objectives in a manner that the Board
15 determines will allocate required emission reductions
16 equitably, taking into account emission reductions achieved
17 prior to the effective date of the requirements under Section
18 10 and other relevant factors.

19 Section 905. The Energy Conservation and Coal Development
20 Act is amended by adding Section 8.2 as follows:

21 (20 ILCS 1105/8.2 new)

22 Sec. 8.2. The Illinois Clean Air Standards Program. The
23 Department of Commerce and Community Affairs shall have the
24 power to assist in funding the cost of sulfur dioxide and
25 nitrogen oxide emission control systems for coal-fired
26 generating units included under Section 10 of the Illinois
27 Clean Air Standards Act.

28 Section 910. The General Obligation Bond Act is amended
29 by changing Section 7 as follows:

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

Sec. 7. Coal and Energy Development. The amount of ~~\$163,200,000~~ \$263,200,000 is authorized to be used by the Department of Commerce and Community Affairs for coal and energy development purposes, pursuant to Sections 2, 3 and 3.1 of the Illinois Coal and Energy Development Bond Act, and for the purposes specified in Section 8.1 of the Energy Conservation and Coal Development Act. Of this amount \$115,000,000 is for the specific purposes of acquisition, development, construction, reconstruction, improvement, financing, architectural and technical planning and installation of capital facilities consisting of buildings, structures, durable equipment, and land for the purpose of capital development of coal resources within the State and for the purposes specified in Section 8.1 of the Energy Conservation and Coal Development Act, \$35,000,000 is for the purposes specified in Section 8.1 of the Energy Conservation and Coal Development Act, \$100,000,000 is for the purposes specified in Section 8.2 of the Energy Conservation and Coal Development Act, and ~~making a grant to the owner of a generating station located in Illinois and having at least three coal-fired generating units with accredited summer capability greater than 500 megawatts each at such generating station as provided in Section 6 of that Bond Act~~ and \$13,200,000 is for research, development and demonstration of forms of energy other than that derived from coal, either on or off State property.

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

Section 915. The Illinois Income Tax Act is amended by adding Section 206.1 as follows:

(35 ILCS 5/206.1 new)

1 Sec. 206.1. Tax credit for early compliance with the
2 Illinois Clean Air Standards Act.

3 (a) For the tax year beginning in 2002, a coal-fired
4 generating unit certified by the Environmental Protection
5 Agency as having been operated throughout that tax year in
6 substantial compliance with the air emission standards that
7 are required for years after 2005 under Section 10 of the
8 Illinois Clean Air Standards Act shall be entitled to a tax
9 credit equal to 5% of the amount spent on pollution control
10 equipment during the previous tax year to achieve that
11 compliance.

12 (b) For the tax year beginning in 2003, a coal-fired
13 generating unit certified by the Environmental Protection
14 Agency as having been operated throughout that tax year in
15 substantial compliance with the air emission standards that
16 are required for years after 2005 under Section 10 of the
17 Illinois Clean Air Standards Act shall be entitled to a tax
18 credit equal to 4% of the amount spent on pollution control
19 equipment during the previous tax year to achieve that
20 compliance.

21 (c) For the tax year beginning in 2004, a coal-fired
22 generating unit certified by the Environmental Protection
23 Agency as having been operated throughout that tax year in
24 substantial compliance with the air emission standards that
25 are required for years after 2005 under Section 10 of the
26 Illinois Clean Air Standards Act shall be entitled to a tax
27 credit equal to 3% of the amount spent on pollution control
28 equipment during the previous tax year to achieve that
29 compliance.

30 (d) For the tax year beginning in 2005, a coal-fired
31 generating unit certified by the Environmental Protection
32 Agency as having been operated throughout that tax year in
33 substantial compliance with the air emission standards that
34 are required for years after 2005 under Section 10 of the

1 Illinois Clean Air Standards Act shall be entitled to a tax
2 credit equal to 2% of the amount spent on pollution control
3 equipment during the previous tax year to achieve that
4 compliance.

5 (e) For the purposes of the credit described in
6 subsections (a) through (d), the amount spent on qualifying
7 pollution control equipment shall be defined as the basis of
8 the equipment used to compute the depreciation deduction for
9 federal income tax purposes.

10 (f) If the amount of the credit described in subsections
11 (a) through (d) of this Section exceeds the tax liability for
12 the year, the excess may be carried forward and applied to
13 the tax liability of the 5 tax years following the excess
14 credit year. The credit shall be applied to the earliest
15 year for which there is a tax liability. If there are
16 credits from more than one tax year that are available to
17 offset a liability, the earlier credit shall be applied
18 first.

19 (g) A tax credit under this Section shall be in addition
20 to any credit allowed under Section 206 of this Act.

21 Section 999. Effective date. This Act takes effect upon
22 becoming law.