



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
SB1814

Introduced 2/25/2005, by Sen. Gary Forby

SYNOPSIS AS INTRODUCED:

20 ILCS 605/605-332

Amends the Department of Commerce and Economic Development Opportunity Law. Makes changes with respect to financial assistance to eligible businesses for new electric generating facilities. Provides that one of the qualifying factors in the definition of a "new electric generating facility" is being funded through a federal Department of Energy grant before July 1, 2007 (now, July 1, 2005). Effective immediately.

LRB094 09233 JAM 39467 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning finance.

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

4 Section 5. The Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of Illinois is
6 amended by changing Section 605-332 as follows:

7 (20 ILCS 605/605-332)

8 Sec. 605-332. Financial assistance to energy generation
9 facilities.

10 (a) As used in this Section:

11 "New electric generating facility" means a
12 newly-constructed electric generation plant or a newly
13 constructed generation capacity expansion at an existing
14 facility, including the transmission lines and associated
15 equipment that transfers electricity from points of supply to
16 points of delivery, and for which foundation construction
17 commenced not sooner than July 1, 2001, which is designed to
18 provide baseload electric generation operating on a continuous
19 basis throughout the year and:

20 (1) has an aggregate rated generating capacity of at
21 least 400 megawatts for all new units at one site, uses
22 coal or gases derived from coal as its primary fuel source,
23 and supports the creation of at least 150 new Illinois coal
24 mining jobs; or

25 (2) is (i) funded through a federal Department of
26 Energy grant before July 1, 2007 ~~2005~~, and (ii) uses coal
27 gasification or integrated gasification-combined cycle
28 units that generate electricity or chemicals, or both, and
29 that supports the creation of Illinois coal-mining jobs.

30 "Eligible business" means an entity that proposes to
31 construct a new electric generating facility and that has
32 applied to the Department to receive financial assistance

1 pursuant to this Section. With respect to use and occupation
2 taxes, wherever there is a reference to taxes, that reference
3 means only those taxes paid on Illinois-mined coal used in a
4 new electric generating facility.

5 "Department" means the Illinois Department of Commerce and
6 Economic Opportunity.

7 (b) The Department is authorized to provide financial
8 assistance to eligible businesses for new electric generating
9 facilities from funds appropriated by the General Assembly as
10 further provided in this Section.

11 An eligible business seeking qualification for financial
12 assistance for a new electric generating facility, for purposes
13 of this Section only, shall apply to the Department in the
14 manner specified by the Department. Any projections provided by
15 an eligible business as part of the application shall be
16 independently verified in a manner as set forth by the
17 Department. An application shall include, but not be limited
18 to:

19 (1) the projected or actual completion date of the new
20 electric generating facility for which financial
21 assistance is sought;

22 (2) copies of documentation deemed acceptable by the
23 Department establishing either (i) the total State
24 occupation and use taxes paid on Illinois-mined coal used
25 at the new electric generating facility for a minimum of 4
26 preceding calendar quarters or (ii) the projected amount of
27 State occupation and use taxes paid on Illinois-mined coal
28 used at the new electric generating facility in 4 calendar
29 year quarters after completion of the new electric
30 generating facility. Bond proceeds subject to this Section
31 shall not be allocated to an eligible business until the
32 eligible business has demonstrated the revenue stream
33 sufficient to service the debt on the bonds; and

34 (3) the actual or projected amount of capital
35 investment by the eligible business in the new electric
36 generating facility.

1 The Department shall determine the maximum amount of
2 financial assistance for eligible businesses in accordance
3 with this paragraph. The Department shall not provide financial
4 assistance from general obligation bond funds to any eligible
5 business unless it receives a written certification from the
6 Director of the Bureau of the Budget (now Governor's Office of
7 Management and Budget) that 80% of the State occupation and use
8 tax receipts for a minimum of the preceding 4 calendar quarters
9 for all eligible businesses or as included in projections on
10 approved applications by eligible businesses equal or exceed
11 110% of the maximum annual debt service required with respect
12 to general obligation bonds issued for that purpose. The
13 Department may provide financial assistance not to exceed the
14 amount of State general obligation debt calculated as above,
15 the amount of actual or projected capital investment in the
16 energy generation facility, or \$100,000,000, whichever is
17 less. Financial assistance received pursuant to this Section
18 may be used for capital facilities consisting of buildings,
19 structures, durable equipment, and land at the new electric
20 generating facility. Subject to the provisions of the agreement
21 covering the financial assistance, a portion of the financial
22 assistance may be required to be repaid to the State if certain
23 conditions for the governmental purpose of the assistance were
24 not met.

25 An eligible business shall file a monthly report with the
26 Illinois Department of Revenue stating the amount of
27 Illinois-mined coal purchased during the previous month for use
28 in the new electric generating facility, the purchase price of
29 that coal, the amount of State occupation and use taxes paid on
30 that purchase to the seller of the Illinois-mined coal, and
31 such other information as that Department may reasonably
32 require. In sales of Illinois-mined coal between related
33 parties, the purchase price of the coal must have been
34 determined in an arms-length transaction. The report shall be
35 filed with the Illinois Department of Revenue on or before the
36 20th day of each month on a form provided by that Department.

1 However, no report need be filed by an eligible business in a
2 month when it made no reportable purchases of coal in the
3 previous month. The Illinois Department of Revenue shall
4 provide a summary of such reports to the Governor's Office of
5 Management and Budget.

6 Upon granting financial assistance to an eligible
7 business, the Department shall certify the name of the eligible
8 business to the Illinois Department of Revenue. Beginning with
9 the receipt of the first report of State occupation and use
10 taxes paid by an eligible business and continuing for a 25-year
11 period, the Illinois Department of Revenue shall each month pay
12 into the Energy Infrastructure Fund 80% of the net revenue
13 realized from the 6.25% general rate on the selling price of
14 Illinois-mined coal that was sold to an eligible business.

15 (Source: P.A. 92-12, eff. 7-1-01; 93-167, eff. 7-10-03;
16 93-1064, eff. 1-13-05.)

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