



Sen. Edward D. Maloney

Filed: 3/15/2011

09700SB1362sam001

LRB097 05997 HLH 51663 a

1 AMENDMENT TO SENATE BILL 1362

2 AMENDMENT NO. _____. Amend Senate Bill 1362 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Income Tax Act is amended by
5 adding Section 221 as follows:

6 (35 ILCS 5/221 new)

7 Sec. 221. Credit for mechanical insulation. For each
8 taxable year beginning on or after January 1, 2011, each
9 taxpayer is entitled to a credit against the tax imposed by
10 subsections (a) and (b) of Section 201 of this Act in an amount
11 equal to the applicable percentage of the cost of mechanical
12 insulation property placed in service in the State during the
13 taxable year.

14 In no event shall a credit under this Section reduce the
15 taxpayer's liability to less than zero. If the amount of the
16 credit exceeds the tax liability for the year, the excess may

1 be carried forward and applied to the tax liability of the 5
2 taxable years following the excess credit year. The tax credit
3 shall be applied to the earliest year for which there is a tax
4 liability. If there are credits for more than one year that are
5 available to offset a liability, the earlier credit shall be
6 applied first.

7 In the case of mechanical insulation property installed by
8 an entity described in paragraph (3) or (4) of Section 50(b) of
9 the Internal Revenue Code, the person who is the primary
10 contractor for the installation of the property shall be
11 treated as the taxpayer that placed the property in service.

12 Energy savings shall be certified under rules promulgated
13 by the Illinois Power Agency with the use of the National
14 Institute of Building Sciences Mechanical Insulation Design
15 Guide Energy Calculators or the 3E Plus Energy Efficiency
16 Software developed by the North American Insulation
17 Manufacturers Association.

18 For purposes of this Section:

19 "ASHRAE" means the American Society of Heating,
20 Refrigerating, and Air-Conditioning Engineers.

21 "Mechanical insulation property" includes insulation
22 materials, facings, and accessory products that are used
23 for thermal requirements for mechanical piping and
24 equipment, hot and cold applications, and heating,
25 venting, and air conditioning applications and are placed
26 in service in connection with a mechanical system that (i)

1 is located in the State and (ii) is of a character subject
2 to an allowance for depreciation under the Internal Revenue
3 Code.

4 "Cost of mechanical insulation property" includes (i)
5 any amount paid or incurred for the installation of
6 mechanical insulation property for that incremental
7 portion above the minimums in ASHRAE standard 90.1-2007 and
8 the total insulation cost for maintenance applications,
9 (ii) in the case of removal and disposal of the old
10 mechanical insulation property, 10% of the cost of the new
11 mechanical insulation property (determined without regard
12 to this item), and (iii) expenditures for labor costs
13 properly allocable to the preparation, assembly, and
14 installation of mechanical insulation property.

15 "Applicable percentage" means the lesser of (i) 30% or
16 (ii) the reduction in energy loss (expressed as a
17 percentage) from the installed mechanical insulation
18 property compared with mechanical insulation property that
19 meets the minimum requirements of ASHRAE standard
20 90.1-2007.

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