

## 97<sup>th</sup> General Assembly Legislative Update and Monthly Spotlight—March 27, 2011

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### *Legislative Update:*

The following are bills introduced to the House since our last *Legislative Update* dated February 16, 2011.

#### *Relating to Taxes.*

Starting with the heightened interest in Illinois and across the nation for financing schemes that will boost the deployment of energy efficiency and renewable energy projects, we have yet another bill being introduced into the 97<sup>th</sup> General Assembly relating to the formation of green energy special service areas (“Areas”). Similar to SB1657 and HB 28 reported previously, HB 3600, sponsored by Rep. Harry Osterman, authorizes the IFA the power to purchase, be assigned, or have pledged to it special service area bonds relating to public and private green special service area projects. Counties or municipalities may establish these Areas for which each owner consents to such inclusion. Included property owners may then arrange for specific energy efficiency improvements, renewable energy improvements, or water use improvements, and financing the improvements through a process set forth in the ordinance establishing the Area. Counties and municipalities may then levy property taxes on such included property to pay for the improvements. The distinguishing factor between the bills: HB 28 and SB 1657 permit the contract to ‘be executed’ subsequent to the adoption of the ordinance, whereas HB 3600 allows for the contract to “occur” subsequent to the adoption of the ordinance,” making it a more open program. HB 3600 has been re-referred to Rules Committee.

Three bills relate to electric and alternative fuel vehicles which could spur their sales if passed. HB 2867, USE/OCC TAX-ELECTRIC VEHICLES sponsored by Rep. Thomas Holbrook, would amend the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act making certain electric vehicles exempt from taxation under the Acts. An alternative path to encourage purchases of electric vehicles is HB 3073, INC TX-DEDUCT ALT FUEL VEHICLE sponsored by Rep. David Harris and Sidney H. Mathias. It would amend the Illinois Income Tax Act by providing a deduction in an amount equal to 15% of the tax imposed under the Use Tax Act or the Retailers' Occupation Tax Act on the selling price of an alternative fuel vehicle or electric vehicle purchased during the taxable year, as opposed to exempting from taxes such sales under HB 2867. And HB 3074, INC TX-DEDUCT ALT FUEL EQUIP sponsored by Rep. David Harris, would amend the Illinois Income Tax Act by allowing for a deduction in an amount equal to 20% of the purchase price of alternative fuel equipment (equipment used to refuel alternative fuel vehicles or electric vehicles.) purchased by the taxpayer during the taxable year. All three bills have been re-referred to Rules Committee.

Two bills would amend the Illinois Income Tax Act aimed at supporting the installation of renewable energy equipment. HB 3306, the INC TX-ALTERNATE ENERGY CREDIT sponsored by Rep. Chris Nybo, Michael Unes, and Richard Morthland, provides for a credit for taxpayers who install, on a building or property that is owned by the taxpayer located in Illinois, a geothermal energy device at the lesser of (i) \$5,000 or (ii) 50% of the actual cost of the acquisition and installation of the device. However the credit may not be carried forward or back and may not reduce the taxpayer's liability to less than zero. HB 3507, INC TX-RENEWABLE ENERGY introduced by Rep. Michelle Mussman and Carol A. Sente, would set various credits for taxpayers who install a renewable energy system in a residential or commercial building owned or leased by the taxpayer during the taxable year. Both bills have been referred to Rules Committee.

Also impacting the Property Tax Code, HB 3114, PROP TX-RENEWABLE ENRGY EXEMPT introduced by Rep. Daniel Biss, would amend the Code by providing homestead properties that have been improved with a renewable energy improvement an exemption, limited to the value of the improvement, as assessed and equalized. The exemption’s duration would be limited to 10 taxable years after a renewable energy device was first installed and operational. It has been re-referred to Rules Committee.

HB 2077, INC TAX-WIND TURBINE submitted by Rep. Lou Lang, would allow a credit to taxpayers who are wind turbine manufacturers equal to 30% of the Illinois income tax attributable to income from the sale of wind turbines, but the credit may be claimed for only one taxable year, and can not reduce the taxpayer's liability to less than zero; may not be carried back; but may be carried forward and applied to the tax liability of the 3 taxable years following the excess credit year. HB 2077 has been re-referred to Rules Committee.

The final bill regarding taxes for the month is HB 3512, USE/OCC TX-HOLIDAY-ENERGY STAR sponsored by Rep. Marlow H. Colvin. HB 3512 would make the tax paid on Energy Star products 1.25% (instead of 6.25%) on the first Monday in September in 2011 and each year thereafter. The bill has been re-referred to Rules Committee

*Relating to Transportation.*

In the February Legislative Update we reported on HB 1711, the VEH CD-RAPID TRANSIT BUSES ACT introduced by Rep. Cynthia Soto. Two new bills have been introduced relating to rapid transit busing since then. HB1884, VEH CD-RAPID TRANSIT BUSES having multiple sponsors, and HB 3359, VEH CD-RAPID TRANSIT BUSES sponsored by Rep. Al Riley, both share common elements with HB 1711. All three have a definition for "bus rapid transit vehicle" which may be operated upon highways and shoulders for bus rapid transit. All three would also create a pilot program, with findings of the pilot program to be reported to the General Assembly. HB 3359 has been tabled by Rep. Al Riley, and HB 1711 has been placed on Calendar 2nd Reading. Meanwhile, HB 1884 has already moved to the Senate and being referred to Assignments making it the lead runner thus far for being passed.

Expanding the use of electric vehicles in Illinois may be boosted with the introduction of HB 2902, ELETRIC VEH ADOPTION ACT sponsored by Rep. Ann Williams, Karen May and Jim Durkin, and HB 3754, ELECTRIC VEHICLE INFRSTRUCTURE introduced by Rep. Karen May. HB 2902 calls for the appointment of an Electric Vehicle Coordinator for the State of Illinois who will act as the point person for electric vehicle related policies and activities in the State. An Electric Vehicle Advisory Council will also be created to investigate and recommend strategies that the Governor and the General Assembly may implement to promote the use of electric vehicles, including, but not limited to, potential infrastructure improvements. HB 2902 has been placed on Calendar Order of 3rd Reading. HB 3754 seeks to understand and expand the planning, deployment, and installation of electric vehicle public charging station infrastructure capable of being integrated intelligently with the electrical grid. It would also require a portion of all private and public parking lots, garages, and on-street parking spaces be designated for electric vehicles. HB 3754 has been referred to Rules Committee.

Alternative fuel automobiles would benefit from HB 3083, ALT FUEL CARS/CHARGE STATIONS introduced by Rep. David Harris and Sidney H. Mathias which requires after January 1, 2015, 25% of all vehicles purchased with State funds shall be vehicles fueled by electricity, compressed natural gas, liquid petroleum gas, or liquid natural gas. By this date, there also must be at least one electric vehicle charging station at each rest area on State highways, and at any location where the Authority has entered into an agreement with any entity for the purposes of providing motor fuel service stations and facilities, garages, stores, or restaurants along the toll highways. HB 3083 has been re-referred to Rules Committee. HB 3308, the ALTERNATE FUELS-NOTICE sponsored by Rep. Kay Hatcher, would require a listing of dispensing locations that provide E85 blended fuel or biodiesel fuel. The list will appear on the Department of Transportation website, and be updated at least biannually. HB 3308 has been placed on Calendar 2nd Reading.

*Relating to Renewable Energy.*

HB 1868, WIND FACILITY DECONSTRUCTION sponsored by Rep. Robert W. Pritchard and Frank J. Mautino, would require a wind energy generation facility to deposit an irrevocable letter of credit and to maintain that letter

until the wind energy generation facility has been deconstructed. If a facility is proved to be abandoned without deconstruction, the letter of credit may be tapped to have the deconstruction performed. It also calls for an annual fee on commercial wind energy owners that are conducting wind energy generation activities in the State to cover certain government administrative expenses. HB 1868 has been placed on Calendar 2nd Reading.

HB 1943, POWER AGENCY - RENEWBLE ENERGY sponsored by Rep. Ann Williams and Linda Chapa LaVia, would amend the Illinois Power Agency Act by altering the Agency's procurement of renewable energy resources and provisions relating to renewable portfolio standards. It requires that at least the following percentages shall come from distributed renewable energy generation devices: 0.5% by June 1, 2013, 0.75% by June 1, 2014, and 1% by June 1, 2015 and thereafter. It also provides that half of the renewable energy resources procured from distributed renewable energy generation shall come from devices of less than 25 kilowatts in nameplate capacity and the other half from distributed renewable energy generation devices of greater than or equal to 25 kilowatts and less than or equal to 2,000 kilowatts in nameplate capacity. The renewable energy resources procured from distributed generation devices may also count towards the required percentages for wind and solar photovoltaics, but shall be done on an annual basis through multi-year contracts of no less than 5 years. Distributed generation generally reduces the amount of electric transmission loss since the electricity is generated close to where it is used, and reduces the size and number of power lines that must be constructed. HB 1943 has been re-assigned to Environment & Energy Committee.

Representative Dave Winters has introduced HB 2896, POWER AGENCY - RENEWBLE ENERGY, which would expand the definition of "renewable energy resources" to include synthetic gas created by the plasma gasification of waste, densified fuel pellets made from waste material that does not include materials resulting from the handling, processing, storage, and consumption of food, and fuel produced by pyrolysis of organic or waste material from a municipality. The bill has been placed on Calendar 2nd Reading.

HB 2071, IL PWR AGCY-RPS STANDARDS sponsored by Rep. Lou Lang, would require that through June 1, 2016 (instead of 2011), renewable energy resources shall be counted for the purpose of meeting the renewable energy standards set forth in specified provisions only if they are generated from facilities located in the State, provided that cost-effective renewable energy resources are available from those facilities. After June 1, 2016 however, cost-effective renewable energy resources may come from states that adjoin Illinois towards meeting the renewable energy standards. This bill has been re-referred to Rules Committee.

#### *Utilities.*

HB1913, UTILITIES - NET METERING sponsored by a number of representatives would allow for net metering to customers even if the energy is produced off-site, but still interconnected to the electricity provider or alternative retail electric supplier, and is intended primarily to offset the customer's own electrical requirements. The bill will also allow customers (now including commercial along with residential) not having a meter that can measure the flow of electricity in both directions be provided one at the electricity provider's expense. Credits for excess energy delivered to the grid will now carry forward to future billing cycles until completely used up or until service is terminated (credits then expire) rather than until the end of the annualized period, The bill will also require the offering of net metering to its customers until the load of its net metering customers equals 5% (increased from 1%) of the total peak demand supplied by that electricity provider during the previous year, but there is no requirement the electricity provider cease the program once the 5% threshold is achieved. HB 1913 has been re-assigned to Environment & Energy Committee.

#### *Business & Employment.*

HB 3592, GROW GREEN IL JOBS ACT sponsored by Rep. Michelle Mussman, would require any State agency or unit of local government to expedite permitting and approval for the siting and location of machinery and equipment

used directly in generating electricity using fuel cells, low impact hydro, wind, geothermal resources, biomass, cogeneration, sun or landfill gas as the principal source of power within its jurisdictional or regulatory authority. Applicants for expedited permitting and approval under the Act must meet certain construction standards and conduct certain public workshops. The bill is now re-referred to Rules Committee.

Note: No new bills in the Senate to report.

### ***Monthly Spotlight: The Forthcoming House Joint Resolution 45 LEED Task Force Report.***

House Joint Resolution 45 spear-headed by Representative Karen May and adopted by both the Illinois House and Senate in 2009, created the HJR 45 Task Force. The Task Force representing a wide-array of governing representatives of the General Assembly, the Governor's office, state agencies and led by the U.S. Green Building Council - Illinois Chapter oversees a pilot program being implemented to assist three Illinois schools in pursuing Leadership in Energy and Environmental Design (LEED®) for Existing Buildings Operations and Maintenance (EB:O&M) certification. Ultimately, the reported Task Forces findings may be used for helping other Illinois schools in achieving sustainable practices.

The following are a sneak-preview of the major policy enhancements called for by the Task Force for achieving the mission of creating healthier, safer, and more sustainable educational settings for our Illinois schoolchildren.

1. Create a program to provide schools with access to sustainability resource professionals at no cost.
2. Create a "one-stop shop" for schools to access information and services related to sustainability improvements.
3. Further enhance and publicize existing directories of support services and funding opportunities for schools pursuing green practices.
4. Support the *Environmental Literacy for Illinois* 2010 strategic plan.
5. Encourage training of building engineers and operations staff related to sustainable operations.
6. Fully authorize capital funding grants for schools.
7. Make matching funds available for state grants.
8. Make funds available for sustainability consulting.
9. Enhance the Illinois Finance Authority's (IFA) energy efficiency bond program so that it enables schools to implement retrofit projects.
10. Implement a sustainable school survey on a regular basis.
11. Create a report card on school sustainability.
12. Establish benchmarks or standards for existing school sustainability measures.
13. Reward and recognize leadership.

Once the House Joint Resolution 45 LEED Task Force Report is released, I highly encourage you to review it. In addition to achieving the critical goal of improving the health and welfare of our children in Illinois schools, the report also holds great insight on how other sustainability initiatives can be better implemented whether in the public or private sector.

On March 29 and 30, 2011, a delegation of USGBC-Illinois members will be making a trip to Springfield advocating the importance of sustainability in forming public policy, as well as sharing the many ways the Illinois Chapter may assist the General Assembly in this effort. During our visit, we will be attending the HJR 45 Task Force Reception, held at Stratton Office Building, IL Capitol Development Board office, Oxtaby Board Room, 3rd Floor. We shall have the opportunity to cheer the fine efforts of the HJR 45 Task Force, and those joining with Representative Karen May to make this all possible.

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