

1                                    AMENDMENT TO HOUSE BILL 63

2            AMENDMENT NO. \_\_\_\_\_. Amend House Bill 63 by replacing the  
3 title with the following:

4            "AN ACT in relation to natural resources."; and

5 by replacing everything after the enacting clause with the  
6 following:

7            "Section 1. Short title. This Act may be cited as the  
8 Clean Air and Development Act.

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

10           "Agency" means the Illinois Environmental Protection  
11 Agency.

12           "Board" means the Clean Air and Development Board.

13           "Fund" means the Clean Air and Development Fund.

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

17           "Project" means any proposal submitted to the Board in  
18 response to a request for project proposals that includes a  
19 technology that will enhance the use of Illinois coal in  
20 Illinois while enhancing environmental protection. "Project"  
21 may include the cost of transmission facilities needed to

1 transmit the electricity generated from a site using such  
2 technology or the costs of coal handling. These technologies  
3 include but are not limited to, flue gas desulfurization (or  
4 "scrubbing"), limestone injection multistage burners,  
5 selective catalytic reduction, selective non-catalytic  
6 reduction, coal re-burning, staged combustion (or "overfire  
7 air"), low-NOx burners, ammonia reagent injection systems,  
8 repowering, fluidized-bed combustion, integrated gasification  
9 combined cycle, coal liquefaction, and coal gasification.

10 "Qualified personnel" means employees who install,  
11 operate, and maintain generation, transmission, or  
12 distribution facilities within the State and have the  
13 requisite knowledge, skills, and competence to perform those  
14 functions in a safe and responsible manner in order to  
15 provide safe and reliable service.

16 Section 10. Clean Air and Development Board.

17 (a) The Clean Air and Development Board is established  
18 as an advisory board to the Agency. The Board shall be  
19 composed of the following 15 voting members and one  
20 non-voting member: one member of the General Assembly  
21 appointed by the Speaker of the House of Representatives, one  
22 member of the General Assembly appointed by the Minority  
23 Leader of the House of Representatives; one member of the  
24 General Assembly appointed by the President of the Senate,  
25 one member of the General Assembly appointed by the Minority  
26 Leader of the Senate; one member appointed by the Governor;  
27 one member selected by the International Brotherhood of  
28 Electrical Workers; one member selected by the United Mine  
29 Workers; 3 members selected by the Illinois Coal Association;  
30 3 members selected by the Illinois Environmental Council; one  
31 member selected by the Sierra Club; one member selected by  
32 the American Lung Association; and one non-voting member  
33 selected by the Illinois Energy Association. The Governor

1 shall select one of the 15 Board members to serve as Chair  
2 pending the first election of officers by Board members.

3 The member appointed by the Governor shall serve for a  
4 term of 4 years, unless otherwise provided in this  
5 subsection. The initial term of the original appointee shall  
6 expire on January 15, 2005. The term of the member appointed  
7 by the Governor to fill a vacancy created on January 15,  
8 2005, shall expire on January 15, 2009. The term of the  
9 member appointed by the Governor to fill a vacancy created on  
10 January 15, 2009, shall expire on January 15, 2013 or January  
11 15, 2017, as determined by the Governor.

12 A member appointed by a legislative leader shall serve a  
13 term of 5 years, unless otherwise provided in this  
14 subsection. The initial term of a member appointed by a  
15 legislative leader shall expire on January 15, 2006. The  
16 term of a member appointed by a legislative leader to fill a  
17 vacancy created on January 15, 2006, shall expire on January  
18 15, 2011 or January 15, 2017, as determined by the  
19 legislative leader.

20 The members chosen by the International Brotherhood of  
21 Electrical Workers, United Mine Workers, Illinois Coal  
22 Association, Illinois Environmental Council, Sierra Club,  
23 American Lung Association, and Illinois Energy Association  
24 shall serve for terms of 6 years. The initial terms of  
25 original appointees shall expire on January 15, 2007. The  
26 term of a member chosen by the International Brotherhood of  
27 Electrical Workers, United Mine Workers, Illinois Coal  
28 Association, Illinois Environmental Council, Sierra Club,  
29 American Lung Association, or Illinois Energy Association to  
30 fill a vacancy created on January 15, 2007 shall expire as  
31 follows: 5 on January 15, 2013 and 6 on January 15, 2017, as  
32 determined by lot.

33 A Board member appointed by the Speaker of the House of  
34 Representatives, the Minority Leader of the House of

1 Representatives, the President of the Senate, or the Minority  
2 Leader of the Senate shall not receive compensation. All  
3 other Board members shall be entitled to compensation for  
4 their services not to exceed \$25,000 annually. All Board  
5 members shall be entitled to reimbursement for reasonable  
6 expenses incurred in the performance of their duties as Board  
7 members.

8 The Board shall meet at least annually or at the call of  
9 the Chair for a meeting of the Board. At any time, a  
10 majority of the Board may petition the Chair for a meeting of  
11 the Board. A quorum shall be defined as a majority of those  
12 voting members appointed to the Board.

13 (b) The Board shall provide advice and make  
14 recommendations on the following Agency powers and duties:

15 (1) To develop a program to increase the  
16 utilization of Illinois coal.

17 (2) To approve projects and funding, if the owner  
18 of the generating unit receiving the funding agrees to:

19 (A) burn Illinois coal to generate  
20 electricity,

21 (B) employ qualified personnel to install,  
22 operate, and maintain generation, transmission, or  
23 distribution facilities within the State, and

24 (C) reduce its emissions of sulfur dioxide or  
25 nitrogen oxides or both as described in subdivisions  
26 (c)(3) and (c)(4) of Section 15 of this Act.

27 (3) To cooperate to the fullest extent possible  
28 with State and federal agencies and departments,  
29 independent organizations, and other interested groups,  
30 public and private, for the purposes of promoting  
31 Illinois coal resources.

32 (4) To submit an annual report to the Governor and  
33 the General Assembly outlining the progress and  
34 accomplishments made in the year, providing an annual

1 accounting of funds received and disbursed, and reviewing  
2 the status of the program.

3 (5) To adopt, amend, and repeal rules, regulations,  
4 and bylaws governing the Board's organization and conduct  
5 of business.

6 (6) To recommend the authorization of the  
7 expenditure of moneys for coal mining and coal  
8 development projects from the Clean Air and Development  
9 Fund. The expenditures shall be used to fund a  
10 recommended amount of up to 50% of the costs of a  
11 proposed project. However, the Board may exceed this  
12 amount if the merits of the project are determined by the  
13 Board to warrant additional funding and the project is  
14 approved by a two-thirds vote of a quorum. All other  
15 projects shall be approved by vote of a simple majority  
16 of a quorum. The Board may use grants, loans, or any  
17 other financial mechanism or any combination thereof to  
18 fund such proposed projects consistent with this Act.

19 (7) To develop strategies and to propose policies  
20 to promote environmentally responsible uses of Illinois  
21 coal for meeting electric power supply requirements and  
22 for other purposes.

23 (8) To develop and propose strategies that would  
24 allow the transfer of ozone season nitrogen oxide credits  
25 from the transportation and area source sectors of the  
26 Illinois SIP Call NOx budget to the electric generating  
27 unit sector for the purpose of offsetting any nitrogen  
28 oxide emission increases associated with a funded  
29 project.

30 (9) The Board may consider using stockpiled  
31 emission credits or the value of those credits as a  
32 factor in considering proposed projects.

33 (10) Projects on which construction had not yet  
34 commenced prior to January 1, 2001, and that otherwise

1           qualify, shall be eligible for funding assistance under  
2           this Act.

3           Section 15. Board evaluation and recommendations  
4           concerning project proposals.

5           (a) The Board shall evaluate project proposals based on  
6           the following primary criteria:

7                   (1) Incremental increase or retention in tons of  
8                   Illinois coal that would be used over the proposed term  
9                   of the proposed project.

10                   (2) Incremental tons of sulfur dioxide that would  
11                   be reduced over the proposed term of the proposed  
12                   project.

13                   (3) Amount of funding required from the Fund.

14           (b) The primary criteria shall be used by the Board to  
15           prioritize the proposed projects. Both the incremental  
16           increase or retention in Illinois coal use and the  
17           incremental reduction of sulfur dioxide emissions over the  
18           term of the proposed project shall be divided by requested  
19           funding amount. The Board shall use the resultant values to  
20           rank the proposals.

21                   (1) Projects shall be initially ranked, from  
22                   highest to lowest, based on their ratio of incremental  
23                   increase or retention of Illinois coal use per million  
24                   dollars expended from the Fund and the ratio of  
25                   incremental tons of sulfur dioxide reduction per million  
26                   dollars expended from the Fund.

27                   (2) The ratios of both the incremental increase or  
28                   retention of Illinois coal use and incremental tons of  
29                   sulfur dioxide reduced per million dollars expended from  
30                   the Fund shall be used in a bi-axial matrix. The matrix  
31                   shall be divided into at least 16 linearly proportional  
32                   quadrants. Those projects that are plotted in the  
33                   quadrants farthest from the origin of the matrix will

1 receive the highest overall rankings.

2 (c) The Board shall consider secondary criteria prior to  
3 making its recommendations to the Agency. These secondary  
4 criteria shall be used to amend the overall project rankings.  
5 The secondary criteria may include the following:

6 (1) The incremental tons of nitrogen oxides that  
7 will be reduced over the proposed term of the project.

8 (2) The incremental tons of nitrogen oxides to be  
9 reduced over the proposed term of the project divided by  
10 the requested funding from the Fund.

11 (3) Whether the proposed project will result in  
12 that unit's annual average sulfur dioxide emission rate  
13 being below the proposing company's most recent annual  
14 average sulfur dioxide emission rate of its coal-fired  
15 units as reported in the United States Environmental  
16 Protection Agency's acid rain emissions database.

17 (4) Whether the proposed project will result in  
18 that unit's annual average nitrogen oxide emission rate  
19 being below the proposing company's most recent annual  
20 average nitrogen oxide emission rate for similar type  
21 coal-fired boilers (i.e. tangential boiler, wall-fired  
22 boiler, or cyclone boiler) as reported in the United  
23 States Environmental Protection Agency's acid rain  
24 emissions database.

25 (5) The technical feasibility of the proposed  
26 project.

27 (d) The Board shall provide its overall project rankings  
28 to the Agency within 6 months after it issues a request for  
29 project proposals. Requests for proposed projects shall be  
30 issued by the Board a minimum of twice per year.

31 Section 20. Agency consideration of Board  
32 recommendations; notice to Board in cases of disagreement.

33 (a) The Agency shall consider the Board's

1 recommendations in making its decision to distribute the  
2 grant moneys provided for in this Act. The Agency shall make  
3 its decision to distribute the grant moneys for the project  
4 within 6 months after the board's written recommendation.

5 (b) If the Agency decides to deviate from any of the  
6 Board's recommendations, then the Agency shall give the Board  
7 written notice and a copy of this decision, with an  
8 explanation of the reasons causing the deviation from the  
9 Board's recommendations, within 15 days after issuance of the  
10 Agency decision. Forty-five days from the issuance of the  
11 Agency decision, a public hearing shall be convened at which  
12 the Director of the Agency or his or her designee shall  
13 appear and testify before the Board to explain the Agency's  
14 decision to deviate from the Board's recommendations. The  
15 Agency shall not proceed with a distribution of grant funds  
16 under this Act until the above notice is provided to the  
17 Board and a public hearing is conducted as described in this  
18 Section.

19 Section 25. Rules. The Illinois Environmental Protection  
20 Agency is authorized to promulgate rules to implement the  
21 provisions of this Act.

22 Section 30. Bonds. The State of Illinois is authorized  
23 to issue, sell, and provide for the retirement of general  
24 obligation bonds of the State of Illinois in the aggregate  
25 principal amount of \$500,000,000, hereinafter called "Bonds",  
26 for the purposes consistent with this Act.

27 Section 35. Bond proceeds. The proceeds of the bonds  
28 shall be deposited into a separate fund known as the Clean  
29 Air and Development Fund, which is hereby created.

30 Section 40. Expenditure of Funds. At all times, the



1 proceeds from the sale of Bonds are subject to appropriation  
 2 by the General Assembly and may be expended in such amounts  
 3 and at such times as the Illinois Environmental Protection  
 4 Agency may deem necessary or desirable for the purposes of  
 5 this Act.

6 Section 905. The State Finance Act is amended by adding  
 7 Section 5.545 as follows:

8 (30 ILCS 105/5.545 new)

9 Sec. 5.545. The Clean Air and Development Fund.

10 Section 910. The Illinois Coal and Energy Development  
 11 Bond Act is amended by changing Section 6 as follows:

12 (20 ILCS 1110/6) (from Ch. 96 1/2, par. 4106)

13 Sec. 6. The Department of Commerce and Community Affairs  
 14 is authorized to use \$120,000,000 for the purposes specified  
 15 in this Act. ~~These funds shall be expended only for a grant~~  
 16 ~~to the owner of a generating station located in Illinois and~~  
 17 ~~having at least three coal-fired generating units with~~  
 18 ~~accredited summer capacity greater than 500 megawatts each at~~  
 19 ~~such generating station as specifically authorized by this~~  
 20 ~~paragraph.~~ Notwithstanding any of the other provisions of  
 21 this Act, in considering the approval of projects to be  
 22 funded under this Act, the Department of Commerce and  
 23 Community Affairs shall give special consideration to  
 24 projects which are designed to remove sulfur and other  
 25 pollutants in the preparation and utilization of coal, and in  
 26 the use and operation of electric utility generating plants  
 27 and industrial facilities which utilize Illinois coal as  
 28 their primary source of fuel. ~~The Department of Commerce and~~  
 29 ~~Community Affairs is directed to enter into a contract with~~  
 30 ~~the owner of a generating station located in Illinois and~~

1 having--at--least--three--coal-fired--generating--units--with  
 2 accredited--summer-capability-greater-than-500-megawatts-each  
 3 at-such-generating-station-for-a-grant-of-\$35,000,000--to--be  
 4 made-by-the-State-of-Illinois-to-such-owner-to-be-used-to-pay  
 5 costs--of--designing, acquiring, constructing, installing and  
 6 testing-facilities-to-reduce-sulfur-dioxide-emissions-at--one  
 7 such--generating--unit--to--allow--that--unit--to--meet--the  
 8 requirements-of-the-Federal-Clean-Air-Act-Amendments-of--1990  
 9 (P.L. 101-549)-while-continuing-to-use-coal-mined-in-Illinois  
 10 as-its-source-of-fuel.  
 11 (Source: P.A. 91-583, eff. 1-1-00.)

12 Section 915. The General Obligation Bond Act is amended  
 13 by changing Section 2 as follows:

14 (30 ILCS 330/2) (from Ch. 127, par. 652)  
 15 Sec. 2. Authorization for Bonds. The State of Illinois  
 16 is authorized to issue, sell and provide for the retirement  
 17 of General Obligation Bonds of the State of Illinois for the  
 18 categories and specific purposes expressed in Sections 2  
 19 through 8 of this Act, in the total amount of \$14,697,632,592  
 20 ~~\$14,197,632,592~~.

21 The bonds authorized in this Section 2 and in Section 16  
 22 of this Act are herein called "Bonds".

23 Of the total amount of Bonds authorized in this Act, up  
 24 to \$2,200,000,000 in aggregate original principal amount may  
 25 be issued and sold in accordance with the Baccalaureate  
 26 Savings Act in the form of General Obligation College Savings  
 27 Bonds.

28 Of the total amount of Bonds authorized in this Act, up  
 29 to \$300,000,000 in aggregate original principal amount may be  
 30 issued and sold in accordance with the Retirement Savings Act  
 31 in the form of General Obligation Retirement Savings Bonds.

32 The issuance and sale of Bonds pursuant to the General

1 Obligation Bond Act is an economical and efficient method of  
 2 financing the capital needs of the State. This Act will  
 3 permit the issuance of a multi-purpose General Obligation  
 4 Bond with uniform terms and features. This will not only  
 5 lower the cost of registration but also reduce the overall  
 6 cost of issuing debt by improving the marketability of  
 7 Illinois General Obligation Bonds.

8 (Source: P.A. 90-1, eff. 2-20-97; 90-8, eff. 12-8-97; 90-549,  
 9 eff. 12-8-97; 90-586, eff. 6-4-98; 91-39, eff. 6-15-99;  
 10 91-53, eff 6-30-99; 91-710, eff. 5-17-00.)

11 (30 ILCS 330/7) (from Ch. 127, par. 657)

12 Sec. 7. Coal and Energy Development. The amount of  
 13 \$163,200,000 is authorized to be used by the Department of  
 14 Commerce and Community Affairs for coal and energy  
 15 development purposes, pursuant to Sections 2, 3 and 3.1 of  
 16 the Illinois Coal and Energy Development Bond Act, and for  
 17 the purposes specified in Section 8.1 of the Energy  
 18 Conservation and Coal Development Act. Of this amount  
 19 \$115,000,000 is for the specific purposes of acquisition,  
 20 development, construction, reconstruction, improvement,  
 21 financing, architectural and technical planning and  
 22 installation of capital facilities consisting of buildings,  
 23 structures, durable equipment, and land for the purpose of  
 24 capital development of coal resources within the State and  
 25 for the purposes specified in Section 8.1 of the Energy  
 26 Conservation and Coal Development Act, \$35,000,000 is for the  
 27 purposes specified in Section 8.1 of the Energy Conservation  
 28 and Coal Development Act, ~~and-making-a-grant-to-the-owner-of~~  
 29 ~~a-generating-station-located-in-Illinois-and-having-at-least~~  
 30 ~~three-coal-fired-generating-units-with-accredited-summer~~  
 31 ~~capability-greater-than-500-megawatts-each-at-such-generating~~  
 32 ~~station-as-provided-in-Section-6-of-that-Bond-Act~~ and  
 33 \$13,200,000 is for research, development and demonstration of

1 forms of energy other than that derived from coal, either on  
2 or off State property.

3 The amount of \$500,000,000 is authorized to be used by  
4 the Environmental Protection Agency for the purposes  
5 consistent with the Clean Air and Development Act.

6 On or before May 1 each year until the principal of,  
7 interest on, and premium, if any, on the \$500,000,000 in  
8 additional general obligation bonds authorized to be issued  
9 under this amendatory Act of the 92nd General Assembly for  
10 coal development have been paid, the Bureau of the Budget  
11 shall certify the amount necessary to be appropriated in the  
12 State fiscal year that begins on July 1 of that calendar year  
13 to finance the principal of, interest on, and premium, if  
14 any, on the \$500,000,000 in additional general obligation  
15 bonds authorized to be issued under this amendatory Act of  
16 the 92nd General Assembly for coal development.

17 (Source: P.A. 89-445, eff. 2-7-96; 90-312, eff. 8-1-97;  
18 90-549, eff. 12-8-97.)

19 Section 99. Effective date. This Act takes effect July  
20 1, 2001."