

SECOND REGULAR SESSION

# SENATE BILL NO. 1262

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR BRAY.

Read 1st time February 28, 2008, and ordered printed.

TERRY L. SPIELER, Secretary.

5287S.011

## AN ACT

To repeal sections 30.750, 30.753, 30.756, 30.758, 30.760, 30.765, 144.030, 393.1020, 393.1025, 393.1030, 393.1035, and 393.1040, RSMo, and to enact in lieu thereof eleven new sections relating to renewable energy, with penalty provisions.

*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Sections 30.750, 30.753, 30.756, 30.758, 30.760, 30.765, 144.030, 393.1020, 393.1025, 393.1030, 393.1035, and 393.1040, RSMo, are repealed and eleven new sections enacted in lieu thereof, to be known as sections 30.750, 30.753, 30.756, 30.758, 30.760, 30.765, 135.669, 144.030, 393.1020, 393.1029, and 393.1040, to read as follows:

30.750. As used in sections 30.750 to 30.767, the following terms mean:

(1) "Eligible agribusiness", a person engaged in the processing or adding of value to agricultural products produced in Missouri;

(2) "Eligible alternative energy operation", a business enterprise engaged in the production and sale of fuel or power from energy sources other than fossil fuels, including but not limited to solar, hydroelectric, wind, and qualified biomass. Such business enterprise shall conform to the characteristics of paragraphs (a), (b), and (d) of subdivision (5) of this section;

(3) "Eligible beginning farmer",

(a) For any beginning farmer who seeks to participate in the linked deposit program alone, a farmer who:

a. Is a Missouri resident;

b. Wishes to borrow for a farm operation located in Missouri;

c. Is at least eighteen years old; and

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

16 d. In the preceding five years has not owned, either directly or indirectly,  
17 farm land greater than fifty percent of the average size farm in the county where  
18 the proposed farm operation is located or farm land with an appraised value  
19 greater than four hundred fifty thousand dollars.

20 A farmer who qualifies as an eligible farmer under this provision may utilize the  
21 proceeds of a linked deposit loan to purchase agricultural land, farm buildings,  
22 new and used farm equipment, livestock and working capital;

23 (b) For any beginning farmer who is participating in both the linked  
24 deposit program and the beginning farmer loan program administered by the  
25 Missouri agriculture and small business development authority, a farmer who:

26 a. Qualifies under the definition of a beginning farmer utilized for  
27 eligibility for federal tax-exempt financing, including the limitations on the use  
28 of loan proceeds; and

29 b. Meets all other requirements established by the Missouri agriculture  
30 and small business development authority;

31 ~~[(3)]~~ (4) "Eligible facility borrower", a borrower qualified under section  
32 30.860 to apply for a reduced-rate loan under sections 30.750 to 30.767;

33 ~~[(4)]~~ (5) "Eligible farming operation", any person engaged in farming in  
34 an authorized farm corporation, family farm, or family farm corporation as  
35 defined in section 350.010, RSMo, that has all of the following characteristics:

36 (a) Is headquartered in this state;

37 (b) Maintains offices, operating facilities, or farming operations and  
38 transacts business in this state;

39 (c) Employs less than ten employees;

40 (d) Is organized for profit;

41 (e) Possesses not more than sixty percent equity, where "percent equity"  
42 is defined as total assets minus total liabilities divided by total assets, except  
43 that an otherwise eligible farming operation applying for a loan for the purpose  
44 of installing or improving a waste management practice in order to comply with  
45 environmental protection regulations shall be exempt from this eligibility  
46 requirement;

47 ~~[(5)]~~ (6) "Eligible higher education institution", any approved public or  
48 private institution as defined in section 173.205, RSMo;

49 ~~[(6)]~~ (7) "Eligible job enhancement business", a new, existing, or  
50 expanding firm operating in Missouri, or as a condition of accepting the linked  
51 deposit, will locate a facility or office in Missouri associated with said linked

52 deposit, which employs ten or more employees in Missouri on a yearly average  
53 and which, as nearly as possible, is able to establish or retain at least one job in  
54 Missouri for each fifty thousand dollars received from a linked deposit loan;

55 ~~[(7)]~~ **(8)** "Eligible lending institution", a financial institution that is  
56 eligible to make commercial or agricultural or student loans or discount or  
57 purchase such loans, is a public depository of state funds or obtains its funds  
58 through the issuance of obligations, either directly or through a related entity,  
59 eligible for the placement of state funds under the provisions of section 15, article  
60 IV, Constitution of Missouri, and agrees to participate in the linked deposit  
61 program;

62 ~~[(8)]~~ **(9)** "Eligible livestock operation", any person engaged in production  
63 of livestock or poultry in an authorized farm corporation, family farm, or family  
64 farm corporation as defined in section 350.010, RSMo;

65 ~~[(9)]~~ **(10)** "Eligible locally owned business", any person seeking to  
66 establish a new firm, partnership, cooperative company, or corporation that shall  
67 retain at least fifty-one percent ownership by residents in a county in which the  
68 business is headquartered, that consists of the following characteristics:

69 (a) The county has a median population of twelve thousand five hundred  
70 or less; and

71 (b) The median income of residents in the county are equal to or less than  
72 the state median income; or

73 (c) The unemployment rate of the county is equal to or greater than the  
74 state's unemployment rate;

75 ~~[(10)]~~ **(11)** "Eligible marketing enterprise", a business enterprise  
76 operating in this state which is in the process of marketing its goods, products or  
77 services within or outside of this state or overseas, which marketing is designed  
78 to increase manufacturing, transportation, mining, communications, or other  
79 enterprises in this state, which has proposed its marketing plan and strategy to  
80 the department of economic development and which plan and strategy has been  
81 approved by the department for purposes of eligibility pursuant to sections 30.750  
82 to 30.767. Such business enterprise shall conform to the characteristics of  
83 paragraphs (a), (b) and (d) of subdivision ~~[(4)]~~ **(5)** of this section and also employ  
84 less than twenty-five employees;

85 ~~[(11)]~~ **(12)** "Eligible multitenant development enterprise", a new  
86 enterprise that develops multitenant space for targeted industries as determined  
87 by the department of economic development and approved by the department for

88 the purposes of eligibility pursuant to sections 30.750 to 30.767;

89           [(12)] **(13)** "Eligible residential property developer", an individual who  
90 purchases and develops a residential structure of either two or four units, if such  
91 residential property developer uses and agrees to continue to use, for at least the  
92 five years immediately following the date of issuance of the linked deposit loan,  
93 one of the units as his principal residence or if such person's principal residence  
94 is located within one-half mile from the developed structure and such person  
95 agrees to maintain the principal residence within one-half mile of the developed  
96 structure for at least the five years immediately following the date of issuance of  
97 the linked deposit loan;

98           [(13)] **(14)** "Eligible residential property owner", a person, firm or  
99 corporation who purchases, develops or rehabilitates a multifamily residential  
100 structure;

101           [(14)] **(15)** "Eligible small business", a person engaged in an activity with  
102 the purpose of obtaining, directly or indirectly, a gain, benefit or advantage and  
103 which conforms to the characteristics of paragraphs (a), (b) and (d) of subdivision  
104 [(4)] **(5)** of this section, and also employs less than twenty-five employees;

105           [(15)] **(16)** "Eligible student borrower", any person attending, or the  
106 parent of a dependent undergraduate attending, an eligible higher education  
107 institution in Missouri who may or may not qualify for need-based student  
108 financial aid calculated by the federal analysis called Congressional Methodology  
109 Formula pursuant to 20 U.S.C. 1078, as amended (the Higher Education  
110 Amendments of 1986);

111           [(16)] **(17)** "Eligible water supply system", a water system which serves  
112 fewer than fifty thousand persons and which is owned and operated by:

113           (a) A public water supply district established pursuant to chapter 247,  
114 RSMo; or

115           (b) A municipality or other political subdivision; or

116           (c) A water corporation;

117 and which is certified by the department of natural resources in accordance with  
118 its rules and regulations to have suffered a significant decrease in its capacity to  
119 meet its service needs as a result of drought;

120           [(17)] **(18)** "Farming", using or cultivating land for the production of  
121 agricultural crops, livestock or livestock products, forest products, poultry or  
122 poultry products, milk or dairy products, or fruit or other horticultural products;

123           [(18)] **(19)** "Linked deposit", a certificate of deposit, or in the case of

124 production credit associations, the subscription or purchase outright of obligations  
125 described in section 15, article IV, Constitution of Missouri, placed by the state  
126 treasurer with an eligible lending institution at rates otherwise provided by law  
127 in section 30.758, provided the institution agrees to lend the value of such  
128 deposit, according to the deposit agreement provided in sections 30.750 to 30.767,  
129 to eligible small businesses, **eligible alternative energy operations**, eligible  
130 locally owned businesses, farming operations, eligible job enhancement  
131 businesses, eligible marketing enterprises, eligible residential property  
132 developers, eligible residential property owners, eligible agribusinesses, eligible  
133 beginning farmers, eligible livestock operations, eligible student borrowers,  
134 eligible facility borrowers, or eligible water supply systems at below the present  
135 borrowing rate applicable to each small business, farming operation, eligible job  
136 enhancement business, eligible marketing enterprise, eligible residential property  
137 developer, eligible residential property owner, eligible agribusiness, eligible  
138 beginning farmer, eligible livestock operation, eligible student borrower, or supply  
139 system at the time of the deposit of state funds in the institution;

140 [(19)] **(20)** "Market rate", the interest rate tied to federal government  
141 securities and more specifically described in subsection 4 of section 30.260;

142 **(21) "Professional forester", any individual who holds a bachelor**  
143 **of science degree in forestry from a regionally accredited college or**  
144 **university with a minimum of two years of professional forest**  
145 **management experience;**

146 **(22) "Qualified biomass", any agriculture-derived organic**  
147 **material or any wood-derived organic material harvested in accordance**  
148 **with a site specific forest management plan focused on long-term forest**  
149 **sustainability developed by a professional forester and qualified, in**  
150 **consultation with the conservation commission, by the agriculture and**  
151 **small business development authority;**

152 [(20)] **(23)** "Water corporation", as such term is defined in section  
153 386.020, RSMo;

154 [(21)] **(24)** "Water system", as such term is defined in section 386.020,  
155 RSMo.

30.753. 1. The state treasurer may invest in linked deposits; however, the  
2 total amount so deposited at any one time shall not exceed, in the aggregate,  
3 seven hundred twenty million dollars. No more than three hundred thirty million  
4 dollars of the aggregate deposit shall be used for linked deposits to eligible

5 farming operations, eligible locally owned businesses, eligible agribusinesses,  
6 eligible beginning farmers, eligible livestock operations, and eligible facility  
7 borrowers, no more than one hundred ten million of the aggregate deposit shall  
8 be used for linked deposits to small businesses, no more than twenty million  
9 dollars shall be used for linked deposits to eligible multitenant development  
10 enterprises, and no more than twenty million dollars of the aggregate deposit  
11 shall be used for linked deposits to eligible residential property developers and  
12 eligible residential property owners, no more than two hundred twenty million  
13 dollars of the aggregate deposit shall be used for linked deposits to eligible job  
14 enhancement businesses and no more than twenty million dollars of the aggregate  
15 deposit shall be used for linked deposit loans to eligible water systems. Linked  
16 deposit loans may be made to eligible student borrowers **and eligible**  
17 **alternative energy operations** from the aggregate deposit. If demand for a  
18 particular type of linked deposit exceeds the initial allocation, and funds initially  
19 allocated to another type are available and not in demand, the state treasurer  
20 may commingle allocations among the types of linked deposits.

21           2. The minimum deposit to be made by the state treasurer to an eligible  
22 lending institution for eligible job enhancement business loans shall be ninety  
23 thousand dollars. Linked deposit loans for eligible job enhancement businesses  
24 may be made for the purposes of assisting with relocation expenses, working  
25 capital, interim construction, inventory, site development, machinery and  
26 equipment, or other expenses necessary to create or retain jobs in the recipient  
27 firm.

30.756. 1. An eligible lending institution that desires to receive a linked  
2 deposit shall accept and review applications for linked deposit loans from eligible  
3 multitenant enterprises, eligible farming operations, **eligible alternative**  
4 **energy operations**, eligible locally owned businesses, eligible small businesses,  
5 eligible job enhancement businesses, eligible marketing enterprises, eligible  
6 agribusinesses, eligible beginning farmers, eligible livestock operations, eligible  
7 residential property developers, eligible residential property owners, eligible  
8 student borrowers, eligible facility borrowers, and eligible water supply systems.  
9 An eligible residential property owner shall certify on his or her loan application  
10 that the reduced rate loan will be used exclusively to purchase, develop or  
11 rehabilitate a multifamily residential property. The lending institution shall  
12 apply all usual lending standards to determine the creditworthiness of each  
13 eligible multitenant enterprise, eligible farming operation, **eligible alternative**

14 **energy operation**, eligible locally owned business, eligible small business,  
15 eligible job enhancement business, eligible marketing enterprise, eligible  
16 residential property developer, eligible residential property owner, eligible  
17 agribusiness, eligible beginning farmer, eligible livestock operation, eligible  
18 student borrower, eligible facility borrower, or eligible water supply system. No  
19 linked deposit loan made to any eligible farming operation, **eligible alternative**  
20 **energy operation**, eligible locally owned business, eligible livestock operation,  
21 eligible agribusiness or eligible small business shall exceed a dollar limit  
22 determined by the state treasurer in the state treasurer's best judgment, except  
23 as otherwise limited. Any link deposit loan made to an eligible facility borrower  
24 shall be in accordance with the loan amount and loan term requirements in  
25 section 30.860.

26         2. An eligible farming operation, small business or job enhancement  
27 business shall certify on its loan application that the reduced rate loan will be  
28 used exclusively for necessary production expenses or the expenses listed in  
29 subsection 2 of section 30.753 or the refinancing of an existing loan for production  
30 expenses or the expenses listed in subsection 2 of section 30.753 of an eligible  
31 farming operation, small business or job enhancement business. Whoever  
32 knowingly makes a false statement concerning such application is guilty of a class  
33 A misdemeanor. An eligible water supply system shall certify on its loan  
34 application that the reduced rate loan shall be used exclusively to pay the costs  
35 of upgrading or repairing an existing water system, constructing a new water  
36 system, or making other capital improvements to a water system which are  
37 necessary to improve the service capacity of the system.

38         3. In considering which eligible farming operations should receive  
39 reduced-rate loans, the eligible lending institution shall give priority to those  
40 farming operations which have suffered reduced yields due to drought or other  
41 natural disasters and for which the receipt of a reduced-rate loan will make a  
42 significant contribution to the continued operation of the recipient farming  
43 operation.

44         4. The eligible financial institution shall forward to the state treasurer a  
45 linked deposit loan package, in the form and manner as prescribed by the state  
46 treasurer. The package shall include such information as required by the state  
47 treasurer, including the amount of each loan requested. The institution shall  
48 certify that each applicant is an eligible farming operation, **eligible alternative**  
49 **energy operation**, eligible locally owned business, eligible small business,

50 eligible job enhancement business, eligible marketing enterprise, eligible  
51 residential property developer, eligible residential property owner, eligible  
52 agribusiness, eligible beginning farmer, eligible livestock operation, eligible  
53 student borrower, eligible facility borrower, or eligible water supply system, and  
54 shall, for each eligible farming operation, small business, eligible job  
55 enhancement business, eligible marketing enterprise, eligible residential property  
56 developer, eligible residential property owner, eligible agribusiness, eligible  
57 beginning farmer, eligible livestock operation, eligible student borrower, eligible  
58 facility borrower, or eligible water supply system, certify the present borrowing  
59 rate applicable.

60           5. The eligible lending institution shall be responsible for determining if  
61 a student borrower is an eligible student borrower. A student borrower shall be  
62 eligible for an initial or renewal reduced-rate loan only if, at the time of the  
63 application for the loan, the student is a citizen or permanent resident of the  
64 United States, a resident of the state of Missouri as defined by the coordinating  
65 board for higher education, is enrolled or has been accepted for enrollment in an  
66 eligible higher education institution, and establishes that the student has  
67 financial need. In considering which eligible student borrowers may receive  
68 reduced-rate loans, the eligible lending institution may give priority to those  
69 eligible student borrowers whose income, or whose family income, if the eligible  
70 student borrower is a dependent, is such that the eligible student borrower does  
71 not qualify for need-based student financial aid pursuant to 20 U.S.C. 1078, as  
72 amended (the Higher Education Amendments of 1986). The eligible lending  
73 institution shall require the eligible student borrower to document that the  
74 student has applied for and has obtained all need-based student financial aid for  
75 which the student is eligible prior to application for a reduced-rate loan pursuant  
76 to this section. In no case shall the combination of all financial aid awarded to  
77 any student in any particular enrollment period exceed the total cost of  
78 attendance at the institution in which the student is enrolled. No eligible lending  
79 institution shall charge any additional fees, including but not limited to an  
80 origination, service or insurance fee on any loan agreement under the provisions  
81 of sections 30.750 to 30.765.

82           6. The eligible lending institution making an initial loan to an eligible  
83 student borrower may make a renewal loan or loans to the student. The total of  
84 such reduced-rate loans from eligible lending institutions made pursuant to this  
85 section to any individual student shall not exceed the cumulative totals



86 established by 20 U.S.C. 1078, as amended. An eligible student borrower shall  
87 certify on his or her loan application that the reduced rate loan shall be used  
88 exclusively to pay the costs of tuition, incidental fees, books and academic  
89 supplies, room and board and other fees directly related to enrollment in an  
90 eligible higher education institution. The eligible lending institution shall make  
91 the loan payable to the eligible student borrower and the eligible higher  
92 education institution as co-payees. The method of repayment of the loan shall be  
93 the same as for repayment of loans made pursuant to sections 173.095 to 173.186,  
94 RSMo.

95           7. Beginning August 28, 2005, in considering which eligible multitenant  
96 enterprise, eligible farming operation, **eligible alternative energy operation**,  
97 eligible locally owned business, eligible small business, eligible job enhancement  
98 business, eligible marketing enterprise, eligible residential property developer,  
99 eligible residential property owner, eligible agribusiness, eligible beginning  
100 farmer, eligible livestock operation, eligible student borrower, eligible facility  
101 borrower, or eligible water supply system should receive reduced-rate loans, the  
102 eligible lending institution shall give priority to an eligible multitenant  
103 enterprise, eligible farming operation, **eligible alternative energy operation**,  
104 eligible locally owned business, eligible small business, eligible job enhancement  
105 business, eligible marketing enterprise, eligible residential property developer,  
106 eligible residential property owner, eligible agribusiness, eligible beginning  
107 farmer, eligible livestock operation, eligible student borrower, eligible facility  
108 borrower, or eligible water supply system that has not previously received a  
109 reduced-rate loan through the linked deposit program. However, nothing shall  
110 prohibit an eligible lending institution from making a reduced-rate loan to any  
111 entity that previously has received such a loan, if such entity otherwise qualifies  
112 for such a reduced-rate loan.

30.758. 1. The state treasurer may accept or reject a linked deposit loan  
2 package or any portion thereof.

3           2. The state treasurer shall make a good faith effort to ensure that the  
4 linked deposits are placed with eligible lending institutions to make linked  
5 deposit loans to minority- or female-owned eligible multitenant enterprises,  
6 eligible farming operations, **eligible alternative energy operations**, eligible  
7 locally owned businesses, eligible small businesses, eligible job enhancement  
8 businesses, eligible marketing enterprises, eligible residential property  
9 developers, eligible residential property owners, eligible agribusinesses, eligible

10 beginning farmers, eligible livestock operations, eligible student borrowers,  
11 eligible facility borrowers, or eligible water supply systems. Results of such effort  
12 shall be included in the linked deposit review committee's annual report to the  
13 governor.

14           3. Upon acceptance of the linked deposit loan package or any portion  
15 thereof, the state treasurer may place linked deposits with the eligible lending  
16 institution as follows: when market rates are five percent or above, the state  
17 treasurer shall reduce the market rate by up to three percentage points to obtain  
18 the linked deposit rate; when market rates are less than five percent, the state  
19 treasurer shall reduce the market rate by up to sixty percent to obtain the linked  
20 deposit rate, provided that the linked deposit rate is not below one percent. All  
21 linked deposit rates are determined and calculated by the state treasurer. When  
22 necessary, the treasurer may place linked deposits prior to acceptance of a linked  
23 deposit loan package.

24           4. The eligible lending institution shall enter into a deposit agreement  
25 with the state treasurer, which shall include requirements necessary to carry out  
26 the purposes of sections 30.750 to 30.767. The deposit agreement shall specify  
27 the length of time for which the lending institution will lend funds upon receiving  
28 a linked deposit, and the original deposit plus renewals shall not exceed five  
29 years, except as otherwise provided in this chapter. The agreement shall also  
30 include provisions for the linked deposit of a linked deposit for an eligible facility  
31 borrower, eligible multitenant enterprise, eligible farming operation, **eligible**  
32 **alternative energy operation**, eligible locally owned business, small business,  
33 eligible marketing enterprise, eligible residential property developer, eligible  
34 residential property owner, eligible agribusiness, eligible beginning farmer,  
35 eligible livestock operation, eligible student borrower or job enhancement  
36 business. Interest shall be paid at the times determined by the state treasurer.

37           5. The period of time for which such linked deposit is placed with an  
38 eligible lending institution shall be neither longer nor shorter than the period of  
39 time for which the linked deposit is used to provide loans at reduced interest  
40 rates. The agreement shall further provide that the state shall receive market  
41 interest rates on any linked deposit or any portion thereof for any period of time  
42 for which there is no corresponding linked deposit loan outstanding to an eligible  
43 multitenant enterprise, eligible farming operation, **eligible alternative energy**  
44 **operation**, eligible locally owned business, eligible small business, eligible job  
45 enhancement business, eligible marketing enterprise, eligible residential property

46 developer, eligible residential property owner, eligible agribusiness, eligible  
47 beginning farmer, eligible livestock operation, eligible student borrower, eligible  
48 facility borrower, or eligible water supply system, except as otherwise provided  
49 in this subsection. Within thirty days after the annual anniversary date of the  
50 linked deposit, the eligible lending institution shall repay the state treasurer any  
51 linked deposit principal received from borrowers in the previous yearly period and  
52 thereafter repay such principal within thirty days of the yearly anniversary date  
53 calculated separately for each linked deposit loan, and repaid at the linked  
54 deposit rate. Such principal payment shall be accelerated when more than thirty  
55 percent of the linked deposit loan is repaid within a single monthly period. Any  
56 principal received and not repaid, up to the point of the thirty percent or more  
57 payment, shall be repaid within thirty days of that payment at the linked deposit  
58 rate. Finally, when the linked deposit is tied to a revolving line of credit  
59 agreement between the banking institution and its borrower, the full amount of  
60 the line of credit shall be excluded from the repayment provisions of this  
61 subsection.

30.760. 1. Upon the placement of a linked deposit with an eligible lending  
2 institution, such institution is required to lend such funds to each approved  
3 eligible multitenant enterprise, eligible farm operation, **eligible alternative**  
4 **energy operation**, eligible locally owned business, eligible small business,  
5 eligible job enhancement business, eligible marketing enterprise, eligible  
6 residential property developer, eligible residential property owner, eligible  
7 agribusiness, eligible beginning farmer, eligible livestock operation, eligible  
8 student borrower, eligible facility borrower, or eligible water supply system listed  
9 in the linked deposit loan package required by section 30.756 and in accordance  
10 with the deposit agreement required by section 30.758. The loan shall be at a  
11 fixed rate of interest reduced by the amount established under subsection 3 of  
12 section 30.758 to each eligible multitenant enterprise, eligible farming operation,  
13 **eligible alternative energy operation**, eligible locally owned business,  
14 eligible small business, eligible job enhancement business, eligible marketing  
15 enterprise, eligible residential property developer, eligible residential property  
16 owner, eligible agribusiness, eligible beginning farmer, eligible livestock  
17 operation, eligible student borrower, eligible facility borrower, or eligible water  
18 supply system as determined pursuant to rules and regulations promulgated by  
19 the state treasurer under the provisions of chapter 536, RSMo, including  
20 emergency rules issued pursuant to section 536.025, RSMo. In addition, the loan

21 agreement shall specify that the eligible multitenant enterprise, eligible farming  
22 operation, **eligible alternative energy operation**, eligible locally owned  
23 business, eligible small business, eligible job enhancement business, eligible  
24 marketing enterprise, eligible residential property developer, eligible residential  
25 property owner, eligible agribusiness, eligible beginning farmer, eligible livestock  
26 operation, eligible student borrower, eligible facility borrower, or eligible water  
27 supply system shall use the proceeds as required by sections 30.750 to 30.765,  
28 and that in the event the loan recipient does not use the proceeds in the manner  
29 prescribed by sections 30.750 to 30.765, the remaining proceeds shall be  
30 immediately returned to the lending institution and that any proceeds used by  
31 the loan recipient shall be repaid to the lending institution as soon as practicable.  
32 All records and documents pertaining to the programs established by sections  
33 30.750 to 30.765 shall be segregated by the lending institution for ease of  
34 identification and examination. A certification of compliance with this section in  
35 the form and manner as prescribed by the state treasurer shall be required of the  
36 eligible lending institution. Any lender or lending officer of an eligible lending  
37 institution who knowingly violates the provisions of sections 30.750 to 30.765 is  
38 guilty of a class A misdemeanor.

39         2. The state treasurer shall take any and all steps necessary to implement  
40 the linked deposit program and monitor compliance of eligible multitenant  
41 enterprises, eligible lending institutions, eligible farming operations, **eligible**  
42 **alternative energy operations**, eligible locally owned businesses, eligible  
43 small businesses, eligible job enhancement businesses, eligible marketing  
44 enterprises, eligible residential property developers, eligible residential property  
45 owners, eligible agribusinesses, eligible beginning farmers, eligible livestock  
46 operations, eligible facility borrowers, or eligible water supply systems.

30.765. The state and the state treasurer are not liable to any eligible  
2 lending institution in any manner for payment of the principal or interest on the  
3 loan to an eligible multitenant enterprise, eligible farm operation, **eligible**  
4 **alternative energy operation**, eligible locally owned business, eligible small  
5 business, eligible job enhancement business, eligible marketing enterprise,  
6 eligible residential property developer, eligible residential property owner, eligible  
7 agribusiness, eligible beginning farmer, eligible livestock operation, eligible  
8 student borrower, eligible facility borrower, or eligible water supply system. Any  
9 delay in payments or default on the part of an eligible multitenant enterprise,  
10 eligible farming operation, **eligible alternative energy operation**, eligible

11 locally owned business, eligible small business, eligible job enhancement business,  
12 eligible marketing enterprise, eligible residential property developer, eligible  
13 residential property owner, eligible agribusiness, eligible beginning farmer,  
14 eligible livestock operation, eligible student borrower, eligible facility borrower,  
15 or eligible water supply system does not in any manner affect the deposit  
16 agreement between the eligible lending institution and the state treasurer.

**135.669. 1. As used in this section, the following terms mean:**

2 **(1) "Eligible renewable energy systems", solar, wind, or**  
3 **geothermal energy systems for residential application;**

4 **(2) "Department", the department of revenue;**

5 **(3) "State tax liability", in the case of an individual taxpayer, any**  
6 **liability incurred by such taxpayer under chapter 143, RSMo, excluding**  
7 **sections 143.191 to 143.265, RSMo, and related provisions;**

8 **(4) "Taxpayer", any person subject to the state income tax**  
9 **imposed under chapter 143, RSMo.**

10 **2. For all tax years beginning on or after January 1, 2008, a**  
11 **taxpayer shall be allowed to claim a tax credit against the taxpayer's**  
12 **state tax liability in an amount equal to thirty percent of the amount**  
13 **such taxpayer paid, during the tax year, to purchase and install**  
14 **renewable energy systems on a residential structure owned and**  
15 **occupied by such taxpayer. In the next three subsequent tax years, a**  
16 **taxpayer may claim a tax credit against the taxpayer's state tax**  
17 **liability in an amount equal to fifteen percent of the amount such**  
18 **taxpayer paid to purchase and install renewable energy systems on a**  
19 **residential structure owned and occupied by such taxpayer. In no case**  
20 **shall the tax credits authorized under this section exceed five thousand**  
21 **dollars per taxpayer per tax year.**

22 **3. The amount of the tax credit claimed shall not exceed the**  
23 **amount of the taxpayer's state tax liability for the taxable year for**  
24 **which the credit is claimed. However, any tax credit that cannot be**  
25 **claimed in the taxable year such credit was issued may be carried over**  
26 **to the next three succeeding taxable years until the full credit has been**  
27 **claimed. The tax credit allowed under this section shall be**  
28 **nontransferable.**

29 **4. Not less than one hundred twenty days from the effective date**  
30 **of this act, the department shall promulgate rules necessary for the**  
31 **implementation of the provisions of this section. Any rule or portion**

32 of a rule, as that term is defined in section 536.010, RSMo, that is  
33 created under the authority delegated in this section shall become  
34 effective only if it complies with and is subject to all of the provisions  
35 of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This  
36 section and chapter 536, RSMo, are nonseverable and if any of the  
37 powers vested with the general assembly pursuant to chapter 536,  
38 RSMo, to review, to delay the effective date, or to disapprove and annul  
39 a rule are subsequently held unconstitutional, then the grant of  
40 rulemaking authority and any rule proposed or adopted after August  
41 28, 2008, shall be invalid and void.

42 5. Pursuant to section 23.253, RSMo, of the Missouri sunset act:

43 (1) The provisions of the new program authorized under this  
44 section shall sunset automatically six years after the effective date of  
45 this section unless reauthorized by an act of the general assembly; and

46 (2) If such program is reauthorized, the program authorized  
47 under this section shall sunset automatically twelve years after the  
48 effective date of the reauthorization of this section; and

49 (3) This section shall terminate on September first of the  
50 calendar year immediately following the calendar year in which the  
51 program authorized under this section is sunset.

144.030. 1. There is hereby specifically exempted from the provisions of  
2 sections 144.010 to 144.525 and from the computation of the tax levied, assessed  
3 or payable pursuant to sections 144.010 to 144.525 such retail sales as may be  
4 made in commerce between this state and any other state of the United States,  
5 or between this state and any foreign country, and any retail sale which the state  
6 of Missouri is prohibited from taxing pursuant to the Constitution or laws of the  
7 United States of America, and such retail sales of tangible personal property  
8 which the general assembly of the state of Missouri is prohibited from taxing or  
9 further taxing by the constitution of this state.

10 2. There are also specifically exempted from the provisions of the local  
11 sales tax law as defined in section 32.085, RSMo, section 238.235, RSMo, and  
12 sections 144.010 to 144.525 and 144.600 to 144.761 and from the computation of  
13 the tax levied, assessed or payable pursuant to the local sales tax law as defined  
14 in section 32.085, RSMo, section 238.235, RSMo, and sections 144.010 to 144.525  
15 and 144.600 to 144.745:

16 (1) Motor fuel or special fuel subject to an excise tax of this state, unless

17 all or part of such excise tax is refunded pursuant to section 142.824, RSMo; or  
18 upon the sale at retail of fuel to be consumed in manufacturing or creating gas,  
19 power, steam, electrical current or in furnishing water to be sold ultimately at  
20 retail; or feed for livestock or poultry; or grain to be converted into foodstuffs  
21 which are to be sold ultimately in processed form at retail; or seed, limestone or  
22 fertilizer which is to be used for seeding, liming or fertilizing crops which when  
23 harvested will be sold at retail or will be fed to livestock or poultry to be sold  
24 ultimately in processed form at retail; economic poisons registered pursuant to  
25 the provisions of the Missouri pesticide registration law (sections 281.220 to  
26 281.310, RSMo) which are to be used in connection with the growth or production  
27 of crops, fruit trees or orchards applied before, during, or after planting, the crop  
28 of which when harvested will be sold at retail or will be converted into foodstuffs  
29 which are to be sold ultimately in processed form at retail;

30 (2) Materials, manufactured goods, machinery and parts which when used  
31 in manufacturing, processing, compounding, mining, producing or fabricating  
32 become a component part or ingredient of the new personal property resulting  
33 from such manufacturing, processing, compounding, mining, producing or  
34 fabricating and which new personal property is intended to be sold ultimately for  
35 final use or consumption; and materials, including without limitation, gases and  
36 manufactured goods, including without limitation, slagging materials and  
37 firebrick, which are ultimately consumed in the manufacturing process by  
38 blending, reacting or interacting with or by becoming, in whole or in part,  
39 component parts or ingredients of steel products intended to be sold ultimately  
40 for final use or consumption;

41 (3) Materials, replacement parts and equipment purchased for use directly  
42 upon, and for the repair and maintenance or manufacture of, motor vehicles,  
43 watercraft, railroad rolling stock or aircraft engaged as common carriers of  
44 persons or property;

45 (4) Replacement machinery, equipment, and parts and the materials and  
46 supplies solely required for the installation or construction of such replacement  
47 machinery, equipment, and parts, used directly in manufacturing, mining,  
48 fabricating or producing a product which is intended to be sold ultimately for  
49 final use or consumption; and machinery and equipment, and the materials and  
50 supplies required solely for the operation, installation or construction of such  
51 machinery and equipment, purchased and used to establish new, or to replace or  
52 expand existing, material recovery processing plants in this state. For the

53 purposes of this subdivision, a "material recovery processing plant" means a  
54 facility that has as its primary purpose the recovery of materials into a useable  
55 product or a different form which is used in producing a new product and shall  
56 include a facility or equipment which are used exclusively for the collection of  
57 recovered materials for delivery to a material recovery processing plant but shall  
58 not include motor vehicles used on highways. For purposes of this section, the  
59 terms motor vehicle and highway shall have the same meaning pursuant to  
60 section 301.010, RSMo. Material recovery is not the reuse of materials within a  
61 manufacturing process or the use of a product previously recovered. The material  
62 recovery processing plant shall qualify under the provisions of this section  
63 regardless of ownership of the material being recovered;

64 (5) Machinery and equipment, and parts and the materials and supplies  
65 solely required for the installation or construction of such machinery and  
66 equipment, purchased and used to establish new or to expand existing  
67 manufacturing, mining or fabricating plants in the state if such machinery and  
68 equipment is used directly in manufacturing, mining or fabricating a product  
69 which is intended to be sold ultimately for final use or consumption;

70 (6) Tangible personal property which is used exclusively in the  
71 manufacturing, processing, modification or assembling of products sold to the  
72 United States government or to any agency of the United States government;

73 (7) Animals or poultry used for breeding or feeding purposes;

74 (8) Newsprint, ink, computers, photosensitive paper and film, toner,  
75 printing plates and other machinery, equipment, replacement parts and supplies  
76 used in producing newspapers published for dissemination of news to the general  
77 public;

78 (9) The rentals of films, records or any type of sound or picture  
79 transcriptions for public commercial display;

80 (10) Pumping machinery and equipment used to propel products delivered  
81 by pipelines engaged as common carriers;

82 (11) Railroad rolling stock for use in transporting persons or property in  
83 interstate commerce and motor vehicles licensed for a gross weight of twenty-four  
84 thousand pounds or more or trailers used by common carriers, as defined in  
85 section 390.020, RSMo, in the transportation of persons or property;

86 (12) Electrical energy used in the actual primary manufacture, processing,  
87 compounding, mining or producing of a product, or electrical energy used in the  
88 actual secondary processing or fabricating of the product, or a material recovery



89 processing plant as defined in subdivision (4) of this subsection, in facilities  
90 owned or leased by the taxpayer, if the total cost of electrical energy so used  
91 exceeds ten percent of the total cost of production, either primary or secondary,  
92 exclusive of the cost of electrical energy so used or if the raw materials used in  
93 such processing contain at least twenty-five percent recovered materials as  
94 defined in section 260.200, RSMo. There shall be a rebuttable presumption that  
95 the raw materials used in the primary manufacture of automobiles contain at  
96 least twenty-five percent recovered materials. For purposes of this subdivision,  
97 "processing" means any mode of treatment, act or series of acts performed upon  
98 materials to transform and reduce them to a different state or thing, including  
99 treatment necessary to maintain or preserve such processing by the producer at  
100 the production facility;

101 (13) Anodes which are used or consumed in manufacturing, processing,  
102 compounding, mining, producing or fabricating and which have a useful life of  
103 less than one year;

104 (14) Machinery, equipment, appliances and devices purchased or leased  
105 and used solely for the purpose of preventing, abating or monitoring air pollution,  
106 and materials and supplies solely required for the installation, construction or  
107 reconstruction of such machinery, equipment, appliances and devices, and so  
108 certified as such by the director of the department of natural resources, except  
109 that any action by the director pursuant to this subdivision may be appealed to  
110 the air conservation commission which may uphold or reverse such action;

111 (15) Machinery, equipment, appliances and devices purchased or leased  
112 and used solely for the purpose of preventing, abating or monitoring water  
113 pollution, and materials and supplies solely required for the installation,  
114 construction or reconstruction of such machinery, equipment, appliances and  
115 devices, and so certified as such by the director of the department of natural  
116 resources, except that any action by the director pursuant to this subdivision may  
117 be appealed to the Missouri clean water commission which may uphold or reverse  
118 such action;

119 (16) Tangible personal property purchased by a rural water district;

120 (17) All amounts paid or charged for admission or participation or other  
121 fees paid by or other charges to individuals in or for any place of amusement,  
122 entertainment or recreation, games or athletic events, including museums, fairs,  
123 zoos and planetariums, owned or operated by a municipality or other political  
124 subdivision where all the proceeds derived therefrom benefit the municipality or

125 other political subdivision and do not inure to any private person, firm, or  
126 corporation;

127       (18) All sales of insulin and prosthetic or orthopedic devices as defined on  
128 January 1, 1980, by the federal Medicare program pursuant to Title XVIII of the  
129 Social Security Act of 1965, including the items specified in Section 1862(a)(12)  
130 of that act, and also specifically including hearing aids and hearing aid supplies  
131 and all sales of drugs which may be legally dispensed by a licensed pharmacist  
132 only upon a lawful prescription of a practitioner licensed to administer those  
133 items, including samples and materials used to manufacture samples which may  
134 be dispensed by a practitioner authorized to dispense such samples and all sales  
135 of medical oxygen, home respiratory equipment and accessories, hospital beds and  
136 accessories and ambulatory aids, all sales of manual and powered wheelchairs,  
137 stairway lifts, Braille writers, electronic Braille equipment and, if purchased by  
138 or on behalf of a person with one or more physical or mental disabilities to enable  
139 them to function more independently, all sales of scooters, reading machines,  
140 electronic print enlargers and magnifiers, electronic alternative and augmentative  
141 communication devices, and items used solely to modify motor vehicles to permit  
142 the use of such motor vehicles by individuals with disabilities or sales of  
143 over-the-counter or nonprescription drugs to individuals with disabilities;

144       (19) All sales made by or to religious and charitable organizations and  
145 institutions in their religious, charitable or educational functions and activities  
146 and all sales made by or to all elementary and secondary schools operated at  
147 public expense in their educational functions and activities;

148       (20) All sales of aircraft to common carriers for storage or for use in  
149 interstate commerce and all sales made by or to not-for-profit civic, social, service  
150 or fraternal organizations, including fraternal organizations which have been  
151 declared tax-exempt organizations pursuant to Section 501(c)(8) or (10) of the  
152 1986 Internal Revenue Code, as amended, in their civic or charitable functions  
153 and activities and all sales made to eleemosynary and penal institutions and  
154 industries of the state, and all sales made to any private not-for-profit institution  
155 of higher education not otherwise excluded pursuant to subdivision (19) of this  
156 subsection or any institution of higher education supported by public funds, and  
157 all sales made to a state relief agency in the exercise of relief functions and  
158 activities;

159       (21) All ticket sales made by benevolent, scientific and educational  
160 associations which are formed to foster, encourage, and promote progress and

161 improvement in the science of agriculture and in the raising and breeding of  
162 animals, and by nonprofit summer theater organizations if such organizations are  
163 exempt from federal tax pursuant to the provisions of the Internal Revenue Code  
164 and all admission charges and entry fees to the Missouri state fair or any fair  
165 conducted by a county agricultural and mechanical society organized and  
166 operated pursuant to sections 262.290 to 262.530, RSMo;

167 (22) All sales made to any private not-for-profit elementary or secondary  
168 school, all sales of feed additives, medications or vaccines administered to  
169 livestock or poultry in the production of food or fiber, all sales of pesticides used  
170 in the production of crops, livestock or poultry for food or fiber, all sales of  
171 bedding used in the production of livestock or poultry for food or fiber, all sales  
172 of propane or natural gas, electricity or diesel fuel used exclusively for drying  
173 agricultural crops, natural gas used in the primary manufacture or processing of  
174 fuel ethanol as defined in section 142.028, RSMo, natural gas, propane, and  
175 electricity used by an eligible new generation cooperative or an eligible new  
176 generation processing entity as defined in section 348.432, RSMo, and all sales  
177 of farm machinery and equipment, other than airplanes, motor vehicles and  
178 trailers. As used in this subdivision, the term "feed additives" means tangible  
179 personal property which, when mixed with feed for livestock or poultry, is to be  
180 used in the feeding of livestock or poultry. As used in this subdivision, the term  
181 "pesticides" includes adjuvants such as crop oils, surfactants, wetting agents and  
182 other assorted pesticide carriers used to improve or enhance the effect of a  
183 pesticide and the foam used to mark the application of pesticides and herbicides  
184 for the production of crops, livestock or poultry. As used in this subdivision, the  
185 term "farm machinery and equipment" means new or used farm tractors and such  
186 other new or used farm machinery and equipment and repair or replacement  
187 parts thereon, and supplies and lubricants used exclusively, solely, and directly  
188 for producing crops, raising and feeding livestock, fish, poultry, pheasants,  
189 chukar, quail, or for producing milk for ultimate sale at retail, including field  
190 drain tile, and one-half of each purchaser's purchase of diesel fuel therefor which  
191 is:

192 (a) Used exclusively for agricultural purposes;

193 (b) Used on land owned or leased for the purpose of producing farm  
194 products; and

195 (c) Used directly in producing farm products to be sold ultimately in  
196 processed form or otherwise at retail or in producing farm products to be fed to

197 livestock or poultry to be sold ultimately in processed form at retail;

198           (23) Except as otherwise provided in section 144.032, all sales of metered  
199 water service, electricity, electrical current, natural, artificial or propane gas,  
200 wood, coal or home heating oil for domestic use and in any city not within a  
201 county, all sales of metered or unmetered water service for domestic use:

202           (a) "Domestic use" means that portion of metered water service,  
203 electricity, electrical current, natural, artificial or propane gas, wood, coal or  
204 home heating oil, and in any city not within a county, metered or unmetered  
205 water service, which an individual occupant of a residential premises uses for  
206 nonbusiness, noncommercial or nonindustrial purposes. Utility service through  
207 a single or master meter for residential apartments or condominiums, including  
208 service for common areas and facilities and vacant units, shall be deemed to be  
209 for domestic use. Each seller shall establish and maintain a system whereby  
210 individual purchases are determined as exempt or nonexempt;

211           (b) Regulated utility sellers shall determine whether individual purchases  
212 are exempt or nonexempt based upon the seller's utility service rate  
213 classifications as contained in tariffs on file with and approved by the Missouri  
214 public service commission. Sales and purchases made pursuant to the rate  
215 classification "residential" and sales to and purchases made by or on behalf of the  
216 occupants of residential apartments or condominiums through a single or master  
217 meter, including service for common areas and facilities and vacant units, shall  
218 be considered as sales made for domestic use and such sales shall be exempt from  
219 sales tax. Sellers shall charge sales tax upon the entire amount of purchases  
220 classified as nondomestic use. The seller's utility service rate classification and  
221 the provision of service thereunder shall be conclusive as to whether or not the  
222 utility must charge sales tax;

223           (c) Each person making domestic use purchases of services or property  
224 and who uses any portion of the services or property so purchased for a  
225 nondomestic use shall, by the fifteenth day of the fourth month following the year  
226 of purchase, and without assessment, notice or demand, file a return and pay  
227 sales tax on that portion of nondomestic purchases. Each person making  
228 nondomestic purchases of services or property and who uses any portion of the  
229 services or property so purchased for domestic use, and each person making  
230 domestic purchases on behalf of occupants of residential apartments or  
231 condominiums through a single or master meter, including service for common  
232 areas and facilities and vacant units, under a nonresidential utility service rate

233 classification may, between the first day of the first month and the fifteenth day  
234 of the fourth month following the year of purchase, apply for credit or refund to  
235 the director of revenue and the director shall give credit or make refund for taxes  
236 paid on the domestic use portion of the purchase. The person making such  
237 purchases on behalf of occupants of residential apartments or condominiums shall  
238 have standing to apply to the director of revenue for such credit or refund;

239 (24) All sales of handicraft items made by the seller or the seller's spouse  
240 if the seller or the seller's spouse is at least sixty-five years of age, and if the total  
241 gross proceeds from such sales do not constitute a majority of the annual gross  
242 income of the seller;

243 (25) Excise taxes, collected on sales at retail, imposed by Sections 4041,  
244 4061, 4071, 4081, 4091, 4161, 4181, 4251, 4261 and 4271 of Title 26, United  
245 States Code. The director of revenue shall promulgate rules pursuant to chapter  
246 536, RSMo, to eliminate all state and local sales taxes on such excise taxes;

247 (26) Sales of fuel consumed or used in the operation of ships, barges, or  
248 waterborne vessels which are used primarily in or for the transportation of  
249 property or cargo, or the conveyance of persons for hire, on navigable rivers  
250 bordering on or located in part in this state, if such fuel is delivered by the seller  
251 to the purchaser's barge, ship, or waterborne vessel while it is afloat upon such  
252 river;

253 (27) All sales made to an interstate compact agency created pursuant to  
254 sections 70.370 to 70.441, RSMo, or sections 238.010 to 238.100, RSMo, in the  
255 exercise of the functions and activities of such agency as provided pursuant to the  
256 compact;

257 (28) Computers, computer software and computer security systems  
258 purchased for use by architectural or engineering firms headquartered in this  
259 state. For the purposes of this subdivision, "headquartered in this state" means  
260 the office for the administrative management of at least four integrated facilities  
261 operated by the taxpayer is located in the state of Missouri;

262 (29) All livestock sales when either the seller is engaged in the growing,  
263 producing or feeding of such livestock, or the seller is engaged in the business of  
264 buying and selling, bartering or leasing of such livestock;

265 (30) All sales of barges which are to be used primarily in the  
266 transportation of property or cargo on interstate waterways;

267 (31) Electrical energy or gas, whether natural, artificial or propane, water,  
268 or other utilities which are ultimately consumed in connection with the

269 manufacturing of cellular glass products or in any material recovery processing  
270 plant as defined in subdivision (4) of this subsection;

271 (32) Notwithstanding other provisions of law to the contrary, all sales of  
272 pesticides or herbicides used in the production of crops, aquaculture, livestock or  
273 poultry;

274 (33) Tangible personal property and utilities purchased for use or  
275 consumption directly or exclusively in the research and development of  
276 agricultural/biotechnology and plant genomics products and prescription  
277 pharmaceuticals consumed by humans or animals;

278 (34) All sales of grain bins for storage of grain for resale;

279 (35) All sales of feed which are developed for and used in the feeding of  
280 pets owned by a commercial breeder when such sales are made to a commercial  
281 breeder, as defined in section 273.325, RSMo, and licensed pursuant to sections  
282 273.325 to 273.357, RSMo;

283 (36) All purchases by a contractor on behalf of an entity located in another  
284 state, provided that the entity is authorized to issue a certificate of exemption for  
285 purchases to a contractor under the provisions of that state's laws. For purposes  
286 of this subdivision, the term "certificate of exemption" shall mean any document  
287 evidencing that the entity is exempt from sales and use taxes on purchases  
288 pursuant to the laws of the state in which the entity is located. Any contractor  
289 making purchases on behalf of such entity shall maintain a copy of the entity's  
290 exemption certificate as evidence of the exemption. If the exemption certificate  
291 issued by the exempt entity to the contractor is later determined by the director  
292 of revenue to be invalid for any reason and the contractor has accepted the  
293 certificate in good faith, neither the contractor or the exempt entity shall be liable  
294 for the payment of any taxes, interest and penalty due as the result of use of the  
295 invalid exemption certificate. Materials shall be exempt from all state and local  
296 sales and use taxes when purchased by a contractor for the purpose of fabricating  
297 tangible personal property which is used in fulfilling a contract for the purpose  
298 of constructing, repairing or remodeling facilities for the following:

299 (a) An exempt entity located in this state, if the entity is one of those  
300 entities able to issue project exemption certificates in accordance with the  
301 provisions of section 144.062; or

302 (b) An exempt entity located outside the state if the exempt entity is  
303 authorized to issue an exemption certificate to contractors in accordance with the  
304 provisions of that state's law and the applicable provisions of this section;

305 (37) All sales or other transfers of tangible personal property to a lessor  
306 who leases the property under a lease of one year or longer executed or in effect  
307 at the time of the sale or other transfer to an interstate compact agency created  
308 pursuant to sections 70.370 to 70.441, RSMo, or sections 238.010 to 238.100,  
309 RSMo;

310 (38) Sales of tickets to any collegiate athletic championship event that is  
311 held in a facility owned or operated by a governmental authority or commission,  
312 a quasi-governmental agency, a state university or college or by the state or any  
313 political subdivision thereof, including a municipality, and that is played on a  
314 neutral site and may reasonably be played at a site located outside the state of  
315 Missouri. For purposes of this subdivision, "neutral site" means any site that is  
316 not located on the campus of a conference member institution participating in the  
317 event;

318 (39) All purchases by a sports complex authority created under section  
319 64.920, RSMo.; and

320 **(40) For calendar years beginning on or after January 1, 2009 but**  
321 **not after December 31, 2011, all sales of commercial and residential**  
322 **solar-electric photovoltaic cell systems, wind energy systems, anaerobic**  
323 **digesters, and fuel cells fueled by renewable resources.**

393.1020. 1. [It is the general assembly's intent to encourage the  
2 development and utilization of technically feasible and economical renewable  
3 technologies, creating cleaner and more sustainable forms of energy for the  
4 residents of the state. It is for this reason that sections 393.1020 to 393.1040  
5 shall be known as the "Green Power Initiative."] **Sections 393.1020 to 393.1029**  
6 **shall be known as the "Renewable Energy Standard".**

7 2. [The definitions provided in section 386.020, RSMo, shall apply to  
8 sections 393.1020 to 393.1040.] As used in sections 393.1020 to [393.1040]  
9 **393.1029**, the following terms mean:

10 (1) **"Commission", the public service commission";**

11 (2) "Department", the department of natural resources;

12 [(2) "Eligible renewable energy technology", sources of energy that shall  
13 be considered renewable for purposes of this section shall include but not be  
14 limited to the following:

15 (a) Solar, including photovoltaic cells, concentrating solar power  
16 technologies, and low temperature solar collectors;

17 (b) Wind;

18 (c) Hydroelectric, not including pump storage;

19 (d) Hydrogen from renewable sources;

20 (e) Biomass, any organic matter available on a renewable basis, including  
21 dedicated energy crops and trees, agricultural food and feed crops, agricultural  
22 crop wastes and residues, wood wastes and residues, animal waste, aquatic  
23 plants, biogas from landfills or wastewater treatment plants; and

24 (f) Other renewable energy sources defined by rule by the commission  
25 after consultation with the department;

26 (3) "Energy efficiency", verifiable reductions in energy consumption, or  
27 verifiable reductions in the rate of energy consumption growth, as defined by rule  
28 by the commission after consultation with the department, as a result of  
29 measures implemented by electrical corporations and electricity consumers which  
30 may include, but not be limited to, pricing signals, electronic controls, education,  
31 information, infrastructure improvements, and the use of high efficiency  
32 equipment and lighting;

33 (4) "Total retail electric sales", the kilowatt-hours of electricity delivered  
34 in a year by an electrical corporation to its Missouri retail customers]

35 (3) "Electric utility", any electrical corporation as defined by  
36 section 386.020, RSMo;

37 (4) "Renewable energy credit" or "REC", a tradable certificate of  
38 proof that one megawatt-hour of electricity has been generated from  
39 renewable energy resources including renewable energy resources that  
40 are net metered;

41 (5) "Renewable energy resources", electric energy produced from  
42 wind, solar thermal sources, photovoltaic cells and panels, dedicated  
43 crops grown for energy production, cellulosic agricultural residues,  
44 plant residues, methane from landfills or from wastewater treatment,  
45 clean and untreated wood such as pallets, hydropower, not including  
46 pumped storage, that does not require a new diversion or impoundment  
47 of water and that if it becomes operational after 2008 has a nameplate  
48 rating of ten megawatts or less, fuel cells using hydrogen produced by  
49 one of the above-named renewable energy sources, and other sources  
50 of energy not including nuclear that become available after August 28,  
51 2008, and are certified as renewable by rule by the department.

393.1029. 1. The commission shall, in consultation with the  
2 department, prescribe by rule a portfolio requirement for all electric



3 utilities to generate or purchase electricity generated from renewable  
4 energy resources. Such portfolio requirement shall provide that  
5 electricity from renewable energy resources shall constitute the  
6 following portions of each electric utility's sales:

7 (1) No less than two percent for calendar years 2011 through  
8 2013;

9 (2) No less than seven percent for calendar years 2014 through  
10 2017;

11 (3) No less than fifteen percent for calendar years 2018 through  
12 2020; and

13 (4) No less than twenty percent in each calendar year beginning  
14 in 2021.

15 At least ten percent of each portfolio requirement shall be derived from  
16 electricity generated by zero-emission distributed energy resources  
17 including wind and solar. The portfolio requirements shall apply to all  
18 power sold to Missouri consumers whether such power is self-generated  
19 or purchased from another source in or outside of this state. A utility  
20 may comply with the standard in whole or in part by purchasing  
21 RECs. Any distributed energy RECs must come from energy that is  
22 delivered to the Missouri electrical distribution grid without the use of  
23 the interstate electric transmission system.

24 2. The commission, in consultation with the department and  
25 within one year of the effective date of sections 393.1020 to 393.1029,  
26 shall select a program for tracking and verifying the trading of  
27 renewable energy credits. An unused credit may exist for up to three  
28 years from the date of its creation. A credit may be used only once to  
29 comply with this section and may not also be used to satisfy any similar  
30 non-federal requirement. An electric utility may not use a credit  
31 derived from a green pricing program. Certificates from net-metered  
32 sources shall initially be owned by the customer-generator. The  
33 commission, except where the department is specified, shall make  
34 whatever rules are necessary to enforce sections 393.1020 to  
35 393.1029. Such rules shall include:

36 (1) A maximum average retail rate increase of one percent  
37 determined by estimating and comparing the electric utility's cost of  
38 compliance with least-cost renewable generation, or the purchase of  
39 RECs, and the cost of continuing to generate or purchase electricity

40 from entirely non-renewable sources, taking into proper account future  
41 environmental regulatory risk including the risk of greenhouse gas  
42 regulation;

43 (2) Penalties of at least twice the average market value of  
44 renewable energy credits for the compliance period for failure to meet  
45 the targets of subsection 1 of this section. An electric utility will be  
46 excused if it proves to the commission that failure was due to events  
47 beyond its reasonable control that could not have been reasonably  
48 mitigated, or that the maximum average retail rate increase has been  
49 reached. Penalties shall not be recovered from customers. Amounts  
50 forfeited under this section shall be remitted to the department to  
51 purchase renewable energy credits needed for compliance. Any excess  
52 forfeited revenues shall be used by the department's energy center  
53 solely for renewable energy and energy efficiency projects;

54 (3) Provisions for an annual report to be filed by each electric  
55 utility in a format sufficient to document its progress in meeting the  
56 targets;

57 (4) Provision for recovery outside the context of a regular rate  
58 case of prudently incurred costs and the pass-through of benefits to  
59 customers of any savings achieved by an electrical corporation in  
60 meeting the requirements of this section;

61 (5) Net metering and interconnection rules, following the  
62 Interstate Renewable Energy Council model, for systems not larger  
63 than two megawatts.

64 3. Each electric utility shall make available to its retail  
65 customers a standard rebate offer of at least one dollar per installed  
66 watt for new or expanded solar electric systems sited on customers'  
67 premises or offsite but serving low income or multifamily residents, up  
68 to a maximum of twenty-five kilowatts per system, that become  
69 operational after 2009.

70 4. The department shall, in consultation with the commission,  
71 establish by rule a certification process for electricity generated from  
72 renewable resources and used to fulfill the requirements of subsection  
73 1 of this section. Certification criteria for renewable energy generation  
74 shall be determined by factors that include fuel type, technology, and  
75 the environmental impacts of the generating facility. Renewable  
76 energy facilities shall not cause undue adverse air, water, or land use

77 **impacts, including impacts associated with the gathering of generation**  
78 **feedstocks. If any amount of fossil fuel is used with renewable energy**  
79 **resources, only the portion of electrical output attributable to**  
80 **renewable energy resources shall be used to fulfill the portfolio**  
81 **requirements.**

82 **5. The commission shall prescribe, by rule, a net metering**  
83 **requirement for all electric utilities using as a guide for developing**  
84 **these requirements the net metering model rules of the Interstate**  
85 **Renewable Energy Council.**

86 **6. The commission shall prescribe, by rule, standards for the**  
87 **interconnection of generators not larger than ten megawatts capacity**  
88 **for all electric utilities using as a guide for developing these standards**  
89 **the interconnection model rules of the Interstate Renewable Energy**  
90 **Council.**

91 **7. Any rule or portion of a rule, as that term is defined in section**  
92 **536.010, RSMo, that is created under the authority delegated in this**  
93 **section shall become effective only if it complies with and is subject to**  
94 **all of the provisions of chapter 536, RSMo, and, if applicable, section**  
95 **536.028, RSMo. This section and chapter 536, RSMo, are nonseverable**  
96 **and if any of the powers vested with the general assembly pursuant to**  
97 **chapter 536, RSMo, to review, to delay the effective date, or to**  
98 **disapprove and annul a rule are subsequently held unconstitutional,**  
99 **then the grant of rulemaking authority and any rule proposed or**  
100 **adopted after August 28, 2008, shall be invalid and void.**

393.1040. In addition to the renewable energy [objectives] **requirements**  
2 set forth in sections [393.1025, 393.1030, and 393.1035] **393.1020 to 393.1029,**  
3 it is also the policy of this state to encourage electrical corporations to develop  
4 and administer energy efficiency initiatives that reduce the annual growth in  
5 energy consumption and the need to build additional electric generation capacity.

[393.1025. 1. Each electrical corporation shall make a good  
2 faith effort to generate or procure sufficient electricity generated by  
3 an eligible renewable energy technology, and support energy  
4 efficiency measures, so that by 2012, four percent of total retail  
5 electric sales in the aggregate by electrical corporations is  
6 generated by eligible renewable energy technologies, increasing to  
7 eight percent by 2015, and eleven percent generated by eligible  
8 renewable energy technologies by 2020. Generation provided by

9           any existing eligible renewable energy technology, owned,  
10           controlled, or purchased by electrical corporations, that are  
11           operational prior to August 28, 2007, shall be applied towards  
12           meeting the objective so long as it continues to generate  
13           electricity. Credit towards the objective also may be achieved  
14           through energy efficiency that includes electrical corporation and  
15           consumer efforts to reduce the consumption of electric  
16           energy. After consulting with the department, the commission may  
17           establish intermediate goals for the use of renewable energy  
18           technologies as part of its rulemaking process.

19                     2. By July 1, 2008, the commission shall, after consultation  
20           with the department, adopt rules that integrate into its resource  
21           planning rules the renewable energy objective of subsection 1 of  
22           this section and the criteria and standards by which it will  
23           measure an electrical corporation's efforts to meet that objective to  
24           determine whether it is making the required good faith effort. In  
25           this rulemaking, the commission shall include criteria and  
26           standards that, at a minimum, shall:

27                     (1) Protect against adverse economic impacts, including the  
28           costs of any transmission investments necessary to access eligible  
29           renewable energy technologies, on the ratepayers and shareholders;

30                     (2) Protect against undesirable impacts on the reliability of  
31           each electrical corporation's system;

32                     (3) Consider environmental compliance costs, present and  
33           future, of each source being evaluated; and

34                     (4) Consider technical feasibility, providing for flexibility in  
35           meeting the objective in the event electrical corporations are, for  
36           good cause shown, unable to meet in aggregate the objective of this  
37           section.

38                     3. In its rulemaking under this section, the commission  
39           shall provide for a weighted scale of how energy produced by  
40           various eligible renewable energy technologies shall count toward  
41           an electrical corporation's objective. In establishing this scale, the  
42           commission shall consider the attributes of various technologies  
43           and fuels and shall establish a system that grants multiple credits  
44           toward the objective for those technologies and fuels the

45 commission determines are in the public interest to  
46 encourage. The commission may also grant multiple credits toward  
47 the objective for generation in the state or procurement of  
48 electricity generated in the state that uses an eligible renewable  
49 energy technology.

50 4. The commission shall develop rules as provided in this  
51 section in consultation with the department as necessary to  
52 implement the requirements of this section. Any rule or portion of  
53 a rule, as that term is defined in section 536.010, RSMo, that is  
54 created under the authority delegated in this section and section  
55 393.1020 shall become effective only if it complies with and is  
56 subject to all of the provisions of chapter 536, RSMo, and, if  
57 applicable, section 536.028, RSMo. This section and chapter 536,  
58 RSMo, are nonseverable and if any of the powers vested with the  
59 general assembly pursuant to chapter 536, RSMo, to review, to  
60 delay the effective date, or to disapprove and annul a rule are  
61 subsequently held unconstitutional, then the grant of rulemaking  
62 authority and any rule proposed or adopted after August 28, 2007,  
63 shall be invalid and void.]

[393.1030. 1. Each electric corporation shall submit to the  
2 commission a biennial report by December thirty-first, beginning  
3 in 2009, on its plans, activities, and progress with regard to the  
4 objective of section 393.1025, demonstrating to the commission that  
5 it is making the required good faith effort. The report must be  
6 submitted in a format prescribed by the commission, not to exceed  
7 fifty pages, and it shall include the following:

8 (1) Sufficient data to specify and verify the status of its  
9 renewable energy mix relative to the good faith objective;

10 (2) Sufficient data to specify and verify the status of the  
11 electric corporation's and its customers' energy efficiency efforts  
12 relative to the good faith objective;

13 (3) Efforts taken to meet the objective;

14 (4) Any obstacles encountered or anticipated in meeting the  
15 objective; and

16 (5) Potential solutions to the obstacles.

17 2. The commission shall compile the information provided

18 under subsection 1 of this section and biennially report by July  
19 first, beginning in 2010, to the governor, the speaker of the house  
20 of representatives, the president pro tempore of the senate, the  
21 chairs of the committees in the house of representatives and senate  
22 with jurisdiction over energy and environment policy issues, and  
23 the department as to the progress of electrical corporations in the  
24 state in increasing the amount of renewable energy provided to  
25 retail customers and increasing energy efficiency, with any  
26 recommendations for regulatory or legislative action. In addition,  
27 the Missouri director of the department of economic development  
28 shall issue a biennial report by July first, beginning in 2010, on the  
29 impact of the renewable portfolio standard on the Missouri  
30 economy and the director of the department of natural resources  
31 shall issue a biennial report by July first, beginning in 2010, on the  
32 environmental impact of sections 393.1020 to 393.1040. The  
33 biennial reporting requirements under this subsection shall end  
34 after July 1, 2022.]

2 [393.1035. 1. Electricity produced by fuel combustion may  
3 only count toward an electrical corporation's objectives if the  
4 generation facility complies with all federal and state statutes and  
5 rules.

6 2. An electrical corporation may blend or co-fire a fuel listed  
7 in subsection 2 of section 393.1020, with other fuels in the  
8 generation facility, but only the percentage of electricity that is  
9 attributable to a fuel listed in that section can be counted toward  
an electric corporation's renewable energy objectives.]

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