FIRST REGULAR SESSION HOUSE BILL NO. 1203

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES MUNZLINGER (Sponsor), JETTON, FISHER, HOBBS, ONDER, SCHLOTTACH, SCHAD, SANDER, LOEHNER, QUINN (7), POLLOCK, SWINGER, COX AND SCHOELLER (Co-sponsors).

Read 1st time March 28, 2007 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

2766L.01I

AN ACT

To repeal sections 192.300, 537.295, 640.710, and 640.740, RSMo, and to enact in lieu thereof ten new sections relating to agricultural operations, with penalty provisions.

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

	Section A. Sections 192.300, 537.295, 640.710, and 640.740, RSMo, are repealed and
2	ten new sections enacted in lieu thereof, to be known as sections 135.678, 192.300, 261.175,
3	348.465, 537.295, 640.710, 640.712, 640.713, 640.717, and 640.740, to read as follows:
	135.678. 1. As used in this section, the following terms mean:
2	(1) "Board", the CAFO review board created under section 348.465, RSMo;
3	(2) "Department", the Missouri department of revenue;
4	(3) "Reasonably available odor control technology", odor control technologies that
5	reduce odors to the greatest extent that a concentrated animal feeding operation is capable
6	of meeting by the application of odor control technology that is reasonably available
7	considering technological and economic feasibility;
8	(4) "State tax liability", in the case of a business taxpayer, any liability incurred by
9	such taxpayer pursuant to the provisions of chapters 143, RSMo, excluding sections
10	143.191 to 143.265, RSMo, and related provisions, and in the case of an individual
11	taxpayer, any liability incurred by such taxpayer pursuant to the provisions of chapter 143,
12	RSMo, excluding sections 143.191 to 143.265, RSMo, and related provisions;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

(5) "Taxpayer", a person, firm, a partner in a firm, corporation, or a shareholder
 in an S corporation doing business in the state of Missouri and subject to the state income
 tax imposed by the provisions of chapter 143, RSMo, or an individual subject to the state
 income tax imposed by the provisions of chapter 143, RSMo.

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17 2. For all tax years beginning on or after January 1, 2008, a taxpayer shall be 18 allowed to claim a tax credit against the taxpayer's state tax liability in an amount equal to fifty percent of the amount such taxpayer paid to purchase and install reasonably 19 20 available odor control technology in a class IB, class IC, or class II concentrated animal 21 feeding operation, as such terms are defined under section 640.703, RSMo. In no case shall 22 the tax credit exceed one hundred thousand dollars per concentrated animal feeding 23 operation per year. The cumulative amount of tax credits which may be issued under this 24 section in any one fiscal year shall not exceed two million dollars.

3. Taxpayers shall file an application for tax credits with the board on a form prescribed by the board. The board shall grant priority based upon greatest need for reasonably available odor control technology and not upon the order in which applications for tax credits are received. The board shall issue tax credits no earlier than November first of each tax year. The board shall notify the department of the name of each taxpayer receiving a credit under this section as well as the amount of such credit.

4. The amount of the tax credit claimed shall not exceed the amount of the taxpayer's state tax liability for the taxable year for which the credit is claimed. However, any tax credit that cannot be claimed in the taxable year the purchase and installation was made may be carried over to the next three succeeding taxable years until the full credit has been claimed. Any taxpayer may sell, assign, exchange, convey, or otherwise transfer tax credits authorized under this section.

37 5. The board shall promulgate rules necessary for the implementation of the 38 provisions of this section. Any rule or portion of a rule, as that term is defined in section 39 536.010, RSMo, that is created under the authority delegated in this section shall become 40 effective only if it complies with and is subject to all of the provisions of chapter 536, 41 RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to 42 43 chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule 44 are subsequently held unconstitutional, then the grant of rulemaking authority and any 45 rule proposed or adopted after August 28, 2007, shall be invalid and void.

6. No tax credit under this section shall be issued for tax years beginning on or after
January 1, 2013.

192.300. 1. The county commissions and the county health center boards of the several counties may make and promulgate orders, ordinances, rules or regulations, respectively as will 2 3 tend to enhance the public health and prevent the entrance of infectious, contagious, communicable or dangerous diseases into such county, but any orders, ordinances, rules or 4 regulations shall not be in conflict with any rules or regulations authorized and made by the 5 6 department of health and senior services in accordance with this chapter or by the department 7 of social services under chapter 198, RSMo. The county commissions and the county health 8 center boards of the several counties may establish reasonable fees to pay for any costs incurred 9 in carrying out such orders, ordinances, rules or regulations, however, the establishment of such 10 fees shall not deny personal health services to those individuals who are unable to pay such fees 11 or impede the prevention or control of communicable disease. Fees generated shall be deposited 12 in the county treasury. All fees generated under the provisions of this section shall be used to 13 support the public health activities for which they were generated. After the promulgation and 14 adoption of such orders, ordinances, rules or regulations by such county commission or county 15 health board, such commission or county health board shall make and enter an order or record 16 declaring such orders, ordinances, rules or regulations to be printed and available for distribution to the public in the office of the county clerk, and shall require a copy of such order to be 17 published in some newspaper in the county in three successive weeks, not later than thirty days 18 19 after the entry of such order, ordinance, rule or regulation. Any person, firm, corporation or 20 association which violates any of the orders or ordinances adopted, promulgated and published 21 by such county commission is guilty of a misdemeanor and shall be prosecuted, tried and fined 22 as otherwise provided by law. The county commission or county health board of any such 23 county has full power and authority to initiate the prosecution of any action under this section.

24 2. Notwithstanding the provisions of subsection 1 of this section to the contrary, no 25 public health order, ordinance, rule, or regulation promulgated by a county commission 26 or county health center board under this section shall apply to any agricultural operation 27 and its appurtenances, except that any such order, ordinance, rule, or regulation in 28 existence as of August 28, 2007 that applies to any agricultural operation or its 29 appurtenances shall remain in effect until the standards required under section 261.175, 30 RSMo, have been promulgated. As used in this section, the term "agricultural operation 31 and its appurtenances" shall have the same meaning as in section 537.295, RSMo. Nothing 32 in this subsection shall be construed as limiting the authority or ability of a county 33 commission or county health center board to regulate public health matters otherwise 34 authorized under subsection 1 of this section that are located on or within a farming 35 operation but are unrelated to agricultural operations and their appurtenances.

Additionally, nothing in this subsection shall be construed as limiting any planning or zoning authority granted to a county under chapter 64, RSMo.

261.175. 1. The department of agriculture shall as soon as practicable promulgate rules and regulations creating standards for managed environment livestock operations. As used in this section, the term "managed environment livestock operation" means a concentrated animal feeding operation, as such term is defined in 10 CSR 20-6.300, that implements effective, reasonably available odor control technology and utilizes best management practices for the handling and management of animals and animal manure.

7 2. The department shall develop procedures to determine if a concentrated animal
8 feeding operation meets the standards promulgated under this section. Such procedures
9 shall ensure that the department renders such determination within thirty days of the date
10 a permit application submitted by a concentrated animal feeding operation is received by
11 the department of natural resources.

3. Upon the establishment of the CAFO review board pursuant to section 348.465,
 RSMo, the authority to promulgate rules to revise the standards under this section shall
 transfer from the department to the board in accordance with section 348.465, RSMo.

15 4. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created under the authority delegated in this section shall become effective only if 16 17 it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if 18 applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable 19 and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, 20 to review, to delay the effective date, or to disapprove and annul a rule are subsequently 21 held unconstitutional, then the grant of rulemaking authority and any rule proposed or 22 adopted after August 28, 2007, shall be invalid and void.

348.465. 1. There is hereby created, with such duties and powers as are set forth to carry out the provisions of this section, a body politic and corporate, an independent 2 3 instrumentality exercising essential public functions, to be known as the "Concentrated Animal Feeding Operation Review Board" or "CAFO Review Board". The powers of the 4 5 board shall be vested in five members. One member shall be the director of the department of natural resources or his or her designee, one member shall be the director 6 7 of the department of agriculture or his or her designee, one member shall be the director 8 of the commercial agriculture program at the University of Missouri or his or her designee, 9 one member shall be the director of the Missouri Association of Counties or his or her designee, and one member shall represent Missouri's agricultural community. 10 The representative of the agricultural community shall be appointed by the governor, with the 11 12 advice and consent of the senate, and shall serve at the pleasure of the governor.

13 2. The members shall annually elect from among their number a chairman and a
 14 vice chairman, and such other officers as they may deem necessary.

3. The board shall meet at the call of the chairman or whenever two members so request but shall not meet less than once per quarter. Three members of the board shall constitute a quorum, and any action taken by the board under this section may be authorized by resolution approved by a majority of the members present at any regular or special meeting. No vacancy in the membership of the board shall impair the right of a quorum to exercise all the rights and perform all the duties of the board.

21 4. By whatever contractual agreement the board deems necessary and proper with 22 the Missouri agricultural and small business development authority authorized under 23 section 348.020, RSMo, the board shall employ the services of the staff of the agricultural 24 and small business development authority to carry out its functions under this section. The 25 executive director shall be the secretary of the board and shall administer, manage, and 26 direct the affairs and business of the board, subject to the policies, control, and direction of the members. The members may delegate to the executive director, or to one or more 27 28 of its agents or employees, such powers and duties as it may deem proper.

29 5. The board shall have the power as necessary or convenient to carry out and 30 effectuate the purposes and provisions of this section, including rulemaking authority. Any 31 rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created 32 under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 33 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the 34 powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to 35 36 delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted 37 38 after August 28, 2007, shall be invalid and void.

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6. The duties of the board shall consist of the following:

40 (1) Review the standards required under section 261.175, RSMo, for managed 41 environment livestock operations for the purpose of evaluating whether the standards are 42 consistent with changes in technology. The board shall review such standards not less than 43 once every thirty-six months following the date of the original promulgation of such 44 standards by the department of agriculture, and shall promulgate rules to revise such 45 standards as deemed necessary;

46 (2) Review and approve expenditures from the concentrated animal feeding 47 operation indemnity fund created under section 640.740;

48 (3) Administer the odor control tax credit program created under section 135.678,
49 RSMo; and

(4) Provide input to the director of the department of natural resources regarding
the permitting of concentrated animal feeding operations, provided that the provision of
such input does not delay the permitting process.

537.295. 1. No agricultural operation or any of its appurtenances shall be deemed to be a nuisance, private or public, or trespass by any changed conditions in or about the locality 2 3 thereof after the facility has been in operation for more than one year, when the facility was not 4 a nuisance at the time the operation began. An agricultural operation protected pursuant to the 5 provisions of this section may reasonably expand, diversify, or modernize its operation [in terms of acres or animal units] without losing its protected status so long as all applicable 6 7 county, state, and federal environmental codes, laws, or regulations are met by the agricultural operation. Reasonable expansion, diversification, or modernization shall not be deemed a 8 9 public or private nuisance or trespass, provided the [expansion] changed condition does not 10 create a substantially adverse effect upon the environment or [creates] create a hazard to public 11 health and safety, or [creates] create a measurably significant difference in environmental 12 pressures upon existing and surrounding neighbors because of increased pollution. Reasonable 13 expansion, diversification, or modernization shall not include complete relocation of a farming 14 operation by the owner within or without the present boundaries of the farming operation; however, reasonable expansion of like kind that presently exists[,] may occur. If a poultry or 15 livestock operation is to maintain its protected status following a reasonable expansion, 16 diversification, or modernization, the operation must ensure that its waste handling capabilities 17 and facilities meet or exceed minimum recommendations of the University of Missouri extension 18 19 service for storage, processing, or removal of animal waste. The protected status of an 20 agricultural operation, once acquired, shall be assignable, alienable, and inheritable. The 21 protected status of an agricultural operation, once acquired, shall not be waived by the temporary 22 cessation of farming or by diminishing the size of the operation. [The provisions of this section 23 shall not apply whenever a nuisance results from the negligent or improper operation of any such 24 agricultural operation or its appurtenances.]

25 2. As used in this section, the term "agricultural operation and its appurtenances" 26 includes, but is not limited to, any facility used in the production [or], processing, or storage 27 for commercial purposes of crops, livestock, equine, forestry, swine, poultry, livestock 28 products, swine products or poultry products.

3. The provisions of this section shall not affect or defeat the right of any person, firm
or corporation to recover damages for any injuries sustained by it as a result of the pollution or
other change in the quantity or quality of water used by that person, firm or corporation for

32 private or commercial purposes, or as a result of any overflow of land owned by or in the 33 possession of any such person, firm or corporation.

4. The provisions of this section shall not apply to any nuisance or trespass resulting
from an agricultural operation located within the limits of any city, town or village on August
13, 1982.

5. In any [nuisance] action brought in which an agricultural operation is alleged to be a nuisance **or trespass**, and which is found to be frivolous by the court, the defendant shall recover the aggregate amount of costs and expenses determined by the court to have been reasonably incurred [in] **on** his behalf in connection with the defense of such action, together with a reasonable amount for attorneys fees.

6. No agricultural operation or any of its appurtenances shall be deemed a nuisance, private or public, or trespass, for conditions associated with any farming-related activities conducted by the agricultural operation or any of its appurtenances. For purposes of this section, "farming-related activities" shall include, but not be limited to, planting, cultivating, harvesting, fertilizing, mowing, application of authorized pesticides or herbicides, animal husbandry practices and activities, land clearing, or the construction of roads, lakes, and ponds associated with a farming operation.

The provisions of this section shall not apply whenever a nuisance or trespass
 results from negligence in the conduct of any farming-related activity.

640.710. 1. The department shall promulgate rules regulating the establishment, 2 permitting, design, construction, operation and management of class I facilities. The department shall have the authority and jurisdiction to regulate the establishment, permitting, design, 3 4 construction, operation and management of any class I facility. Such rules may require 5 monitoring wells on a site-specific basis when, in the determination of the division of geology and land survey, class IA concentrated animal feeding operation lagoons are located in 6 7 hydrologically sensitive areas where the quality of groundwater may be compromised. Such rules and regulations shall be designed to afford a prudent degree of environmental protection 8 9 while accommodating modern agricultural practices.

2. Except as provided in subsections [3 and] 4 and 5 of this section, the department shall
require at least but not more than the following buffer distances for class I facilities that meet

12 the standards for managed environment livestock operations under section 261.175, RSMo,

13 between the nearest confinement building or lagoon and any public building or occupied

14 residence, except [a] an occupied residence which is owned by the concentrated animal feeding

15 operation or [a] an occupied residence from which a written agreement [for operation is

16 obtained] is obtained from all owners of such occupied residence:

17 (1) For concentrated animal feeding operations with at least one thousand animal units,18 one thousand feet;

(2) For concentrated animal feeding operations with between three thousand and sixthousand nine hundred ninety-nine animal units inclusive, two thousand feet; and

(3) For concentrated animal feeding operations of seven thousand or more animal units,three thousand feet.

3. For any class I facility not meeting the managed environment livestock operation
standards under section 261.175, the following buffer distances shall be required between
the nearest confinement building or lagoon and any public building or occupied residence,
except an occupied residence which is owned by the concentrated animal feeding operation
or an occupied residence from which a written agreement is obtained from all owners of
such occupied residence:

(1) For concentrated animal feeding operations with at least one thousand animal
 units, one thousand two hundred fifty feet;

(2) For concentrated animal feeding operations with between three thousand and
 six thousand nine hundred ninety-nine animal units inclusive, two thousand five hundred
 feet; and

34 (3) For concentrated animal feeding operations of seven thousand or more animal
 35 units, three thousand seven hundred fifty feet.

4. All concentrated animal feeding operations in existence as of June 25, 1996, shall be
exempt from the buffer distances prescribed in [subsection] subsections 2 and 3 of this section.
[Such distances shall not apply to concentrated animal feeding operations which have received
a written agreement which has been signed by all affected property owners within the buffer
distance.]

5. All concentrated animal feeding operations in existence prior to the promulgation of standards under section 261.175 shall be exempt from the buffer distances prescribed in subsection 3 of this section, provided that such operation remains in the same classification as it was prior to the promulgation of the standards. If the operation expands to a higher classification after the standards under section 261.175, RSMo, have been promulgated, the buffer requirements in subsections 2 and 3 shall apply.

47 [4.] 6. The department may, upon review of the information contained in the site plan 48 including, but not limited to, the prevailing winds, topography and other local environmental 49 factors, [authorize] recommend a distance which is less than the distance prescribed in 50 [subsection] subsections 2 or 3 of this section. The department's recommendation shall be sent 51 to the governing body of the county in which such site is proposed. [The department's authorized 52 buffer distance shall become effective unless the county governing body rejects the department's

recommendation by a majority vote at the next meeting of the governing body after the 53 54 recommendation is received.] If a majority of the governing body rejects the 55 recommendation and notifies the department in writing of such decision within sixty days 56 of the date the department issued the recommendation, the department shall not adopt the recommended distance. If the governing body approves the recommendation and notifies 57 the department in writing within sixty days of the date the department issued the 58 59 recommendation, or if the governing body does not respond to the department within such 60 time frame, the department shall adopt the recommended distance.

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[5. Nothing in this section shall be construed as restricting local controls.]

62 7. On and after August 28, 2007, the department shall send a copy of any draft 63 operating permit for a new source class IA concentrated animal feeding operation to the 64 governing body of the county in which the new source class IA facility is proposed. If a majority of the governing body rejects the draft permit and notifies the department in 65 writing of such decision within sixty days of the initial date of public notice of the draft 66 permit, the department shall not issue the draft permit as a final permit. If the governing 67 68 body approves the permit and notifies the department in writing of such approval within sixty days of the initial date of public notice of the draft permit or if the governing body 69 70 does not respond to the department within such time frame, the department shall continue 71 the process to issue the draft permit as a final permit.

640.712. The clean water commission, as created under section 644.021, RSMo,
2 shall review and revise, as appropriate, design guidelines relating to manure storage
3 structure design for concentrated animal feeding operations.

640.713. 1. On and after August 28, 2007, any proposed class II concentrated animal feeding operation with a capacity of more than six hundred fifty animal units shall 2 3 obtain a letter of approval from the department. Any such class II concentrated animal feeding operation may obtain an operating permit from the department in lieu of a letter 4 of approval, at the discretion of the concentrated animal feeding operation. The clean 5 water commission shall review and revise, as necessary, rules that establish requirements 6 that must be met in order for any such letter of approval to be issued. Any rule or portion 7 8 of a rule, as that term is defined in section 536.010, RSMo, that is created under the 9 authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028, 10 RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers 11 12 vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the 13 effective date, or to disapprove and annul a rule are subsequently held unconstitutional,

14 then the grant of rulemaking authority and any rule proposed or adopted after August 28,

15 2007, shall be invalid and void.

Prior to issuing any letter of approval under this section, the department shall
 review the applicant's manure management plan and manure storage structure design.

3. Any class II concentrated animal feeding operation with a capacity of more than
 six hundred fifty animal units:

(1) Shall not locate a confinement building or lagoon less than five hundred feet
 from any public building or occupied residence; and

(2) Shall be subject to the neighbor notification requirements required undersection 640.715.

4. The requirements of this section shall not apply to any class II concentrated animal feeding operation in existence as of August 28, 2007.

640.717. 1. Any concentrated animal feeding operation with a capacity of more 2 than six hundred fifty animal units:

3 (1) Shall not be located within one mile of the normal pool boundary of federally4 owned reservoirs or reservoirs regulated by the Federal Energy Regulatory Commission;
5 and

6 (2) Shall not apply manure within one-quarter mile of any reservoir listed in 7 subdivision (1) of this subsection.

8 2. The requirements of this section shall not apply to any concentrated animal 9 feeding operation in existence as of August 28, 2007.

640.740. **1.** There is hereby established in the state treasury the "Concentrated Animal Feeding Operation Indemnity Fund", to be known as the "fund" for the purposes of section 640.740 to 640.747. All fees or other moneys payable pursuant to the provisions of section 640.745 or other moneys received including gifts, grants, appropriations, and bequests from federal, private or other sources made for the purpose of the provisions of this act shall be payable to and collected by the director of the department of natural resources and deposited in this fund. **Subject to approval by a majority vote of the CAFO review board established under section 348.465,** the money in this fund, upon appropriation, shall be expended to:

9 (1) Offset the liability of any county to address animal manure spills associated 10 with a class I or class II concentrated animal feeding operation; or

(2) Close class IA, class IB, class IC and class II concentrated animal feeding operations as defined in the department's rules, that have been placed in the control of the government due to bankruptcy or failure to pay property taxes, or if the class IA, class IB, class IC or class II concentrated animal feeding operation is abandoned property. "Abandoned property", for the purposes of this section, means real property previously used for, or which has the potential to 16 be used for, agricultural purposes which has been placed in the control of the state, a county, or

municipal government, or an agency thereof, through donation, purchase, tax delinquency,
foreclosure, default or settlement, including conveyance by deed in lieu of foreclosure, and has
been vacant for a period of not less than three years.

20 **2. Expenditures made from the fund shall only be made to, or on behalf of, a** 21 **county.**

3. Any portion of the fund not immediately needed for the purposes authorized **in this section** shall be invested by the state treasurer as provided by the constitution and laws of this state. All income from such investments shall be deposited in the fund. Any unexpended balance in the fund at the end of any appropriation period shall not be transferred to the general revenue fund and, accordingly, shall be exempt from the provisions of section 33.080, RSMo, relating to the transfer of funds to the general revenue funds of the state by the state treasurer.

4. Any time the balance in the fund is less than five hundred thousand dollars, the state of Missouri shall indemnify the difference between the fund balance and five hundred thousand dollars. Any expenditures made for the purposes described in this section shall be paid with monies deposited into the fund under section 640.745 before using indemnified monies provided by the state. Any state indemnified monies used to pay expenditures authorized under this section shall be repaid to the state from monies collected under 640.745.

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