

HCS SCS SB 1261 -- ENVIRONMENTAL PROTECTION

SPONSOR: Bray (Bivins)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Energy and Environment by a vote of 11 to 0.

This substitute changes the laws regarding environmental regulations and energy efficiency and conservation practices. In its main provisions, the substitute:

(1) Requires 10% of the funds appropriated to the Facilities Maintenance Reserve Fund to be used for energy projects with a 10-year or less payback period;

(2) Requires the Department of Natural Resources to establish minimum energy efficiency standards for state buildings based on the 2006 International Energy Conservation Code. State buildings must meet the new standards on or after July 1, 2009. The Office of Administration will determine whether the energy efficiency standard is met and may exempt buildings based on safety or cost considerations;

(3) Requires state government to use 10% renewable energy on or after July 1, 2016, and 20% renewable energy on or after July 1, 2026, unless the use of renewable energy over normal energy results in a 10% or greater price increase;

(4) Allows low-interest loans through the Linked Deposit Loan Program for eligible alternative energy operations producing and selling fuel or power from alternative energy sources including solar, hydroelectric, wind, and qualified biomass;

(5) Authorizes an income tax deduction administered by the department for the cost of home energy audits and implementing audit recommendations. The deduction is limited to \$1,000 per taxpayer per year or \$2,000 for taxpayers filing combined returns;

(6) Establishes the Show Me Green Sales Tax Holiday beginning in 2009 and every year thereafter. Energy Star certified appliances will be exempt from state sales taxes from April 19 through April 26. Political subdivisions may opt in at their discretion;

(7) Requires representatives from the departments of Labor and Industrial Relations, Elementary and Secondary Education, Agriculture, Economic Development, and Natural Resources to meet at least twice a year to collaborate to secure grants established under the federal Energy Independence and Security Act of 2007. The Department of Natural Resources will coordinate the

inter-agency group, and the group will annually report on the grants secured to the Governor and General Assembly;

(8) Requires the Missouri Energy Task Force to reconvene at least annually to review progress made toward meeting the recommendations of its final report and issue an annual status report to the Governor and General Assembly;

(9) Designates the Energy Center of the Department of Natural Resources as a coordinator for energy sustainability activities in the state;

(10) Establishes minimum energy standards for certain appliances and goods sold in the state. The Department of Natural Resources and the Office of the Attorney General may prevent the sale of certain products that do not meet Energy Star Certification requirements or that do not meet federal minimum energy standards. The composition and powers of an advisory group used to enforce these minimum energy standards are specified in the substitute, and the department may audit appliances and products to determine compliance;

(11) Establishes the Renewable Energy Information and Reporting Act which requires the Missouri Public Service Commission to provide an annual report on renewable energy trends and new developments to the Governor, General Assembly, any public interest group interested in energy and the environment, and all entities in the energy industry. The report's requirements are specified in the substitute;

(12) Requires a seller as part of a newly constructed residential home sales transaction occurring on or after August 28, 2008, to disclose its energy efficiency rating under the energy star rating system to the purchasers at least one week before completion of the sale. If a seller fails to disclose the rating on time, the purchaser may withhold \$500 from the purchase price; or if full payment has already been made, he or she may pursue legal action for the \$500 refund and other costs and attorney fees;

(13) Establishes the Missouri Alternative Energy Loan Authority, within the Department of Natural Resources, to provide low-interest loans to public and private entities for the purpose of financing various energy-saving projects and services. The authority will consist of nine members appointed by the Governor with the advice and consent of the Senate. The members' terms and reappointment eligibility are specified in the substitute. Action may be taken upon the affirmative vote of at least five members. The authority must file an annual financial statement with the department director. An initial appropriation of \$15

million to the newly created Missouri Alternative Energy Loan Authority Fund will be made; and the fund may receive annual appropriations from the General Assembly as well as from any gifts, contributions, grants, or bequests;

(14) Establishes, subject to appropriations, a professorship of energy efficiency and conservation at Missouri State University and allows the Department of Natural Resources to establish other similar professorships at public universities; and

(15) Establishes the Green Building Tax Credit which will be available to those constructing or remodeling certain residential and industrial use buildings. The amount of the credit will be limited to \$50,000 per applicant per tax year. Requirements for receiving tax credits are specified, and the Department of Natural Resources will implement the tax credit and certify the construction of green buildings.

The provisions of the substitute regarding the Green Building Tax Credit Program will expire three years from the effective date and the provisions regarding the income tax deduction for home energy audits will expire December 31, 2013.

FISCAL NOTE: Estimated Cost on General Revenue Fund of Unknown - Greater than \$15,974,240 in FY 2009, Unknown Greater than \$1,056,131 in FY 2010, and Unknown - Greater than \$1,087,289 in FY 2011. Estimated Effect on Other State Funds of an income of Unknown to a cost of Unknown in FY 2009, FY 2010, and FY 2011.

PROPOSERS: Supporters say that the bill will increase the possibility of receiving federal grants. Missouri is not competing for grants made available by recent federal legislation.

Testifying for the bill were Senator Bray; Representative Holsman; Missouri Sierra Club; and Midwest Alliance for Renewable Energy.

OPPOSERS: There was no opposition voiced to the committee.