



Mr. Speaker: I am instructed by the Senate to inform the House of

Representatives that the Senate has taken up and passed

SS SCS HB 142

entitled:

AN ACT

To repeal sections 386.370, 393.190, 393.320, 393.760, and 393.1075, RSMo, and to enact in lieu thereof five new sections relating to utilities, with a penalty provision.

WITH SA 1

MAY 15 2013

In which the concurrence of the House is respectfully requested.

Respectfully,

Terry L. Spieler
Secretary of the Senate

SENATE AMENDMENT NO. 1Offered by Lager of 17thAmend SS/SCS/House Bill No. 142, Page 1, Section A, Line 4,

2 by inserting immediately after said line the following:

3 "137.100. The following subjects are exempt from taxation
4 for state, county or local purposes:

5 (1) Lands and other property belonging to this state;

6 (2) Lands and other property belonging to any city, county
7 or other political subdivision in this state, including market
8 houses, town halls and other public structures, with their
9 furniture and equipments, and on public squares and lots kept
10 open for health, use or ornament;

11 (3) Nonprofit cemeteries;

12 (4) The real estate and tangible personal property which is
13 used exclusively for agricultural or horticultural societies
14 organized in this state, including not-for-profit agribusiness
15 associations;

16 (5) All property, real and personal, actually and regularly
17 used exclusively for religious worship, for schools and colleges,
18 or for purposes purely charitable and not held for private or
19 corporate profit, except that the exemption herein granted does
20 not include real property not actually used or occupied for the
21 purpose of the organization but held or used as investment even
22 though the income or rentals received therefrom is used wholly

Offered 5/15/13
Adopted "

1 for religious, educational or charitable purposes;

2 (6) Household goods, furniture, wearing apparel and
3 articles of personal use and adornment, as defined by the state
4 tax commission, owned and used by a person in his home or
5 dwelling place;

6 (7) Motor vehicles leased for a period of at least one year
7 to this state or to any city, county, or political subdivision or
8 to any religious, educational, or charitable organization which
9 has obtained an exemption from the payment of federal income
10 taxes, provided the motor vehicles are used exclusively for
11 religious, educational, or charitable purposes;

12 (8) Real or personal property leased or otherwise
13 transferred by an interstate compact agency created pursuant to
14 sections 70.370 to 70.430 or sections 238.010 to 238.100 to
15 another for which or whom such property is not exempt when
16 immediately after the lease or transfer, the interstate compact
17 agency enters into a leaseback or other agreement that directly
18 or indirectly gives such interstate compact agency a right to
19 use, control, and possess the property; provided, however, that
20 in the event of a conveyance of such property, the interstate
21 compact agency must retain an option to purchase the property at
22 a future date or, within the limitations period for reverters,
23 the property must revert back to the interstate compact agency.
24 Property will no longer be exempt under this subdivision in the
25 event of a conveyance as of the date, if any, when:

26 (a) The right of the interstate compact agency to use,
27 control, and possess the property is terminated;

28 (b) The interstate compact agency no longer has an option
29 to purchase or otherwise acquire the property; and

1 (c) There are no provisions for reverter of the property
2 within the limitation period for reverters;

3 (9) All property, real and personal, belonging to veterans'
4 organizations. As used in this section, "veterans' organization"
5 means any organization of veterans with a congressional charter,
6 that is incorporated in this state, and that is exempt from
7 taxation under section 501(c)(19) of the Internal Revenue Code of
8 1986, as amended;

9 (10) Solar energy systems not held for resale."; and

10 Further amend said bill, page 13, section 393.760, line 26
11 of said page, by inserting after all of said line the following:

12 "393.1030. 1. The commission shall, in consultation with
13 the department, prescribe by rule a portfolio requirement for all
14 electric utilities to generate or purchase electricity generated
15 from renewable energy resources. Such portfolio requirement
16 shall provide that electricity from renewable energy resources
17 shall constitute the following portions of each electric
18 utility's sales:

19 (1) No less than two percent for calendar years 2011
20 through 2013;

21 (2) No less than five percent for calendar years 2014
22 through 2017;

23 (3) No less than ten percent for calendar years 2018
24 through 2020; and

25 (4) No less than fifteen percent in each calendar year
26 beginning in 2021.

27
28 At least two percent of each portfolio requirement shall be
29 derived from solar energy. The portfolio requirements shall

1 apply to all power sold to Missouri consumers whether such power
2 is self-generated or purchased from another source in or outside
3 of this state. A utility may comply with the standard in whole
4 or in part by purchasing RECs. Each kilowatt-hour of eligible
5 energy generated in Missouri shall count as 1.25 kilowatt-hours
6 for purposes of compliance.

7 2. The commission, in consultation with the department and
8 within one year of November 4, 2008, shall select a program for
9 tracking and verifying the trading of renewable energy credits.
10 An unused credit may exist for up to three years from the date of
11 its creation. A credit may be used only once to comply with
12 sections 393.1020 to 393.1030 and may not also be used to satisfy
13 any similar nonfederal requirement. An electric utility may not
14 use a credit derived from a green pricing program. Certificates
15 from net-metered sources shall initially be owned by the
16 customer-generator. The commission, except where the department
17 is specified, shall make whatever rules are necessary to enforce
18 the renewable energy standard. Such rules shall include:

19 (1) A maximum average retail rate increase of one percent
20 determined by estimating and comparing the electric utility's
21 cost of compliance with least-cost renewable generation and the
22 cost of continuing to generate or purchase electricity from
23 entirely nonrenewable sources, taking into proper account future
24 environmental regulatory risk including the risk of greenhouse
25 gas regulation. Notwithstanding the foregoing, until June 30,
26 2020, if the maximum average retail rate increase would be less
27 than or equal to one percent if an electric utility's investment
28 in solar-related projects initiated, owned or operated by the
29 electric utility is ignored for purposes of calculating the

1 increase, then additional solar rebates shall be paid and
2 included in rates in an amount up to the amount that would
3 produce a retail rate increase equal to the difference between a
4 one percent retail rate increase and the retail rate increase
5 calculated when ignoring an electric utility's investment in
6 solar-related projects initiated, owned, or operated by the
7 electric utility. Notwithstanding any provision to the contrary
8 in this section, even if the payment of additional solar rebates
9 will produce a maximum average retail rate increase of greater
10 than one percent when an electric utility's investment in solar-
11 related projects initiated, owned or operated by the electric
12 utility are included in the calculation, the additional solar
13 rebate costs shall be included in the prudently incurred costs to
14 be recovered as contemplated by subdivision (4) of this
15 subsection;

16 (2) Penalties of at least twice the average market value of
17 renewable energy credits for the compliance period for failure to
18 meet the targets of subsection 1 of this section. An electric
19 utility will be excused if it proves to the commission that
20 failure was due to events beyond its reasonable control that
21 could not have been reasonably mitigated, or that the maximum
22 average retail rate increase has been reached. Penalties shall
23 not be recovered from customers. Amounts forfeited under this
24 section shall be remitted to the department to purchase renewable
25 energy credits needed for compliance. Any excess forfeited
26 revenues shall be used by the department's energy center solely
27 for renewable energy and energy efficiency projects;

28 (3) Provisions for an annual report to be filed by each
29 electric utility in a format sufficient to document its progress

1 in meeting the targets;

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

6 3. As provided for in this section, except for those
7 electrical corporations that qualify for an exemption under
8 section 393.1050, each electric utility shall make available to
9 its retail customers a [standard] solar rebate [offer of at least
10 two dollars per installed watt] for new or expanded solar
11 electric systems sited on customers' premises, up to a maximum of
12 twenty-five kilowatts per system, measured in direct current that
13 [become operational after 2009] were confirmed by the electric
14 utility to have become operational in compliance with the
15 provisions of section 386.890. The solar rebates shall be two
16 dollars per watt for systems becoming operational on or before
17 June 30, 2014; one dollar and fifty cents per watt for systems
18 becoming operational between July 1, 2014, and June 30, 2015; one
19 dollar per watt for systems becoming operational between July 1,
20 2015, and June 30, 2016; fifty cents per watt for systems
21 becoming operational between July 1, 2016, and June 30, 2017;
22 fifty cents per watt for systems becoming operational between
23 July 1, 2017, and June 30, 2019; twenty-five cents per watt for
24 systems becoming operational between July 1, 2019, and June 30,
25 2020; and zero cents per watt for systems becoming operational
26 after June 30, 2020. An electric utility may, through its
27 tariffs, require applications for rebates to be submitted up to
28 one hundred eighty-two days prior to the June 30 operational
29 date. Nothing in this section shall prevent an electrical

1 corporation from offering rebates after July 1, 2020, through an
2 approved tariff. If the electric utility determines the maximum
3 average retail rate increase provided for in subdivision (1) of
4 subsection 2 of this section will be reached in any calendar
5 year, the electric utility shall be entitled to cease paying
6 rebates to the extent necessary to avoid exceeding the maximum
7 average retail rate increase if the electrical corporation files
8 with the commission to suspend its rebate tariff for the
9 remainder of that calendar year at least sixty days prior to the
10 change taking effect. The filing with the commission to suspend
11 the electrical corporation's rebate tariff shall include the
12 calculation reflecting that the maximum average retail rate
13 increase will be reached and supporting documentation reflecting
14 that the maximum average retail rate increase will be reached.
15 The commission shall rule on the suspension filing within sixty
16 days of the date it is filed. If the commission determines that
17 the maximum average retail rate increase will be reached the
18 commission shall approve the tariff suspension. The electric
19 utility shall continue to process and pay applicable solar
20 rebates until a final commission ruling; however, if the
21 continued payment causes the electric utility to pay rebates that
22 cause it to exceed the maximum average retail rate increase, the
23 expenditures shall be considered prudently incurred costs as
24 contemplated by subdivision (4) of subsection 2 of this section
25 and shall be recoverable as such by the electric utility. As a
26 condition of receiving a rebate, customers shall transfer to the
27 electric utility all right, title, and interest in and to the
28 renewable energy credits associated with the new or expanded
29 solar electric system that qualified the customer for the solar

1 rebate for a period of ten years from the date the electric
2 utility confirmed that the solar electric system was installed
3 and operational.

4 4. The department shall, in consultation with the
5 commission, establish by rule a certification process for
6 electricity generated from renewable resources and used to
7 fulfill the requirements of subsection 1 of this section.
8 Certification criteria for renewable energy generation shall be
9 determined by factors that include fuel type, technology, and the
10 environmental impacts of the generating facility. Renewable
11 energy facilities shall not cause undue adverse air, water, or
12 land use impacts, including impacts associated with the gathering
13 of generation feedstocks. If any amount of fossil fuel is used
14 with renewable energy resources, only the portion of electrical
15 output attributable to renewable energy resources shall be used
16 to fulfill the portfolio requirements.

17 5. In carrying out the provisions of this section, the
18 commission and the department shall include methane generated
19 from the anaerobic digestion of farm animal waste and thermal
20 depolymerization or pyrolysis for converting waste material to
21 energy as renewable energy resources for purposes of this
22 section.

23 6. The commission shall have the authority to promulgate
24 rules for the implementation of this section, but only to the
25 extent such rules are consistent with, and do not delay the
26 implementation of, the provisions of this section. Any rule or
27 portion of a rule, as that term is defined in section 536.010
28 that is created under the authority delegated in this section
29 shall become effective only if it complies with and is subject to

1 all of the provisions of chapter 536, and, if applicable, section
2 536.028. This section and chapter 536 are nonseverable and if
3 any of the powers vested with the general assembly pursuant to
4 chapter 536 to review, to delay the effective date, or to
5 disapprove and annul a rule are subsequently held
6 unconstitutional, then the grant of rulemaking authority and any
7 rule proposed or adopted after August 28, 2013, shall be invalid
8 and void."; and

9 Further amend the title and enacting clause accordingly.

