

HCS SB 275 -- UTILITIES

SPONSOR: Trent

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Ways and Means by a vote of 7 to 3. Voted "Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 4 to 2.

The following is a summary of the House Committee Substitute for SB 275.

ELECTRIC VEHICLE CHARGING STATION (Section 67.288)

This bill requires that any political subdivision that adopts an ordinance requiring the installation of electric vehicle charging stations shall pay all costs associated with such installations. No political subdivision shall adopt an ordinance that requires more than five electric vehicle charging stations per parking lot.

VIDEO SERVICE PROVIDER (Section 67.2677)

This bill removes streaming content from the definition of "video service" as it relates to the normal fees and costs that such services normally pay.

SOLAR ENERGY ASSESSMENT (Section 137.077)

Beginning January 1, 2024, for purposes of assessing all real property, excluding land, or tangible personal property associated with a project that uses solar energy directly to generate electricity and that was built, or was contracted to sell power, prior to December 31, 2023, shall be considered to be de minimis in value.

Prior to December 31, 2024, the tax liability owed on solar energy projects shall not exceed \$500 per megawatt.

This Section shall expire on December 31, 2050.

DEPRECIATION OF REAL PROPERTY (Section 137.122)

Beginning January 1, 2024, the depreciation tables used to assess tangible personal property shall be used to assess real property that is used for the transportation or storage of liquid and

gaseous products including water, sewage, and natural gas that is not propane or LP gas, but not including petroleum products.

SALES TAX EXEMPTION (Section 144.058)

This bill exempts from sales tax electrical energy and gas, whether natural, artificial, or propane; water, coal, and energy sources; chemicals, machinery, equipment, parts, and material used or consumed in connection with or to facilitate the generation, transmission, distribution, sale, or furnishing of electricity for light, heat, or power; and any conduits, ducts, or other devices, materials, apparatus, or property for containing, holding, or carrying conductors used or to be used for the transmission of electricity for light, heat, or power service to consumers.

COUNTY BOARD OF TRUSTEES COMPENSATION (Section 204.300)

This bill sets the rate of compensation for members of a County Board of Trustees. Each trustee of the Board may receive an attendance fee not to exceed \$100 for attending each regularly called board meeting, or special meeting, but shall not be paid for attending more than two meetings in any calendar month, except that in a county of the first classification, a trustee shall not be paid for attending more than four meetings in any calendar month. However, no trustee shall be paid more than one attendance fee if such trustee attends more than one board meeting in a calendar week. Each trustee of the Board shall be reimbursed for his or her actual expenditures in the performance of his or her duties on behalf of the district.

SEWER DISTRICT BOARD OF TRUSTEES COMPENSATION (Section 204.610)

This bill sets the rate of compensation for members of a Sewer District Board of Trustees. Each trustee of the Board may receive an attendance fee not to exceed \$100 for attending each regularly called board meeting, or special meeting, but shall not be paid for attending more than two meetings in any calendar month, except that in a county of the first classification, a trustee shall not be paid for attending more than four meetings in any calendar month. However, no trustee shall be paid more than one attendance fee if such trustee attends more than one board meeting in a calendar week. Each trustee of the Board shall be reimbursed for his or her actual expenditures in the performance of his or her duties on behalf of the district.

ACQUISITIONS OF SMALL WATER UTILITIES (Section 393.320)

This bill expands the definition of a "large water public utility" to state that such an entity will regularly provide sewer services to more than 8,000 customer connections, or regularly provide a combination of either to more than 8,000 customer connections. When a large water public utility seeks to acquire a small water utility, the Public Service Commission shall issue its decision within six months of the submission of the application by the large water public utility to acquire a small water utility. The Public Service Commission may request an additional 30 days to issue its decision for good cause shown. If the Public Service Commission does not issue a decision within the time required under this subdivision, such application shall be automatically approved.

RENEWABLE ENERGY STANDARDS (Section 393.1030)

This bill modifies provisions relating to the current renewable energy standard. As specified in the bill, energy that meets the criteria of the renewable energy portfolio requirements and contracted for by an accelerated renewable buyer must do the following:

- (1) Have all associated renewable energy certificates retired by the accelerated renewable buyer and the certificates shall not be used to meet the specified electric utility's portfolio requirements;
- (2) Be excluded from the total electric utility's sales used to determine the specified portfolio requirements; and
- (3) Be used to offset all or a portion of its electric load to determine compliance with the specified portfolio requirements.

This bill defines an "accelerated renewable buyer" as a customer of an electric utility, with an aggregate load of over 80 average megawatts, who enters into a contract to obtain renewable energy certificates from renewable energy sources or energy sources as described in the bill.

The accelerated renewable buyer shall be exempt from any renewable energy standard compliance costs as established by the utility and approved by the Public Service Commission.

Each electric utility shall certify, and verify as necessary, to the Commission that the accelerated renewable buyer has satisfied the exemption requirements. The accelerated renewable buyer may

also certify the exemption requirements to the Commission individually.

Provisions under this bill apply to electric utilities with more than 250,000 but less than 1 million customers as of 2022.

WATER AND SEWER INFRASTRUCTURE RATE ADJUSTMENT (WSIRA) (Section 393.1506)

This bill allows a public utility with sewer service to more than 8,000 customer connections, or a combination of either water and sewer to more than 8,000 customer connections to file a petition and proposed rate schedules with the Public Service Commission to establish or change a WSIRA that will provide for the recovery of the appropriate pretax revenues associated with the eligible infrastructure system projects.

GAS CUSTOMER DISCOUNTS (Section 393.1645)

This bill makes adjustments to the way in which a gas corporation may apply certain discounts to its customers in their use of the service. The way in which a customer may qualify for one of the discounts is set forth as follows:

(1) When the customer is a new customer and the new load is reasonably projected to be at least 270,000 ccf annually, the discount shall equal up to 25% subject to the limiting provisions of this section and shall apply for four years; or

(2) When the customer is an existing customer and the new load is reasonably projected to be at least 135,000 ccf annually, the discount shall equal 25% subject to the limiting provisions of this section and shall apply for four years.

HYDRANT VALVE INSPECTIONS (Section 640.144)

This bill changes the frequency of inspections done to water hydrants from annually to a time at which such an inspection can be scheduled by the parties.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the Senate Perfected version of the bill.

PROPONENTS: Supporters say that creating such an exemption on utilities would essentially be a rate reduction for the public, especially since this sort of tax is normally passed on to the consumer by the utility companies. This tax is assessed against the transmission of electricity, specifically the manufacturing part of the transmission. As a result, the rate payer is taxed twice.

Supporters further say that such an exemption would reward larger companies who are seeking to use 100% renewable energy because they would finally be able to invest that money back into the company.

Testifying in person for the bill were Senator Trent; Associated Industries of Missouri; Association of Missouri Electric Cooperatives; Meta Platforms, Hbs; Missouri Chamber of Commerce and Industry; Dogwood Energy LLC; Ameren Missouri; Missouri Solar Energy Industry Association; and Evergy.

OPPONENTS: Those who oppose the bill say that sales tax is an important source of revenue for local districts and cities. Those funds are in turn used to provide valuable services to the community. As a result, smaller and rural communities would be hit the hardest.

Testifying in person against the bill was Missouri Municipal League.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under "House Testimony on Senate Bills" on the House website.