

FIRST REGULAR SESSION

HOUSE BILL NO. 152

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE O'DONNELL.

0837H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To amend chapter 108, RSMo, by adding thereto one new section relating to municipal green bonds.

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

Section A. Chapter 108, RSMo, is amended by adding thereto one new section, to be
2 known as section 108.371, to read as follows:

**108.371. 1. As used in this section, "eligible green project" means a project or
2 activity that relates to and supports a positive environmental impact including, but not
3 limited to, assets, investments, and other related and supporting expenditures that relate
4 to any of the following or other similar categories:**

5 **(1) Renewable energy including, but not limited to, production, transmission,
6 and appliances and products;**

7 **(2) Energy efficiency, such as in new and refurbished buildings, energy storage,
8 district heating, smart grids, and appliances and products;**

9 **(3) Pollution prevention and control including, but not limited to, reduction of
10 air emissions, greenhouse gas control, soil remediation, waste prevention, waste
11 reduction, waste recycling and energy or emission-efficient waste to energy;**

12 **(4) Environmentally sustainable management of living natural resources and
13 land use including, but not limited to, environmentally sustainable agriculture,
14 environmentally sustainable animal husbandry, climate-smart farm inputs such as
15 biological crop protection or drip-irrigation, environmentally sustainable fishery and
16 aquaculture, environmentally sustainable forestry including, but not limited to,
17 afforestation or reforestation, and preservation or restoration of natural landscapes;**

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.

18 **(5) Terrestrial and aquatic biodiversity conservation including, but not limited**
19 **to, the protection of coastal, marine, and watershed environments;**

20 **(6) Clean transportation, such as electric, hybrid, public, rail, nonmotorized,**
21 **multimodal transportation, infrastructure for clean energy vehicles, and reduction of**
22 **harmful emissions;**

23 **(7) Sustainable water and wastewater management including, but not limited to,**
24 **sustainable infrastructure for clean or drinking water, wastewater treatment,**
25 **sustainable urban drainage systems, and river training and other forms of flooding**
26 **mitigation;**

27 **(8) Climate change adaptation including, but not limited to, efforts to make**
28 **infrastructure more resilient to impacts of climate change, as well as information**
29 **support systems, such as climate observation and early warning systems;**

30 **(9) Circular-economy adapted products, production technologies, and processes,**
31 **such as the design and introduction of reusable, recyclable, and refurbished materials,**
32 **components, and products; circular tools and services; and certified eco-efficient**
33 **products; and**

34 **(10) Green buildings that meet regional, national, or internationally recognized**
35 **standards or certifications for environmental performance.**

36 **2. For a municipal bond issued in this state to be rated, certified, or validated as**
37 **a green bond, at least eighty-five percent of the bond proceeds shall be used for eligible**
38 **green projects.**

39 **3. (1) Except as provided in subdivision (2) of this subsection, notwithstanding**
40 **any other provision of law to the contrary, the interest on and income from a municipal**
41 **bond that is rated, certified, or validated as a green bond shall be exempt from income**
42 **taxation by this state.**

43 **(2) The exemption from income taxation provided under subdivision (1) of this**
44 **subsection shall not apply to a municipal bond that is rated, certified, or validated as a**
45 **green bond and that is issued to finance a project by a private entity.**

46 **4. (1) The state auditor may conduct an audit of municipal green bonds issued**
47 **by a municipality to review whether such bonds comply with the requirements of this**
48 **section for being rated, certified, or validated as a green bond. The state auditor may**
49 **conduct such audit at the state auditor's discretion and shall conduct such audit in the**
50 **same manner as the state auditor conducts other similar audits under chapter 29.**

51 **(2) If a review of a municipal green bond determines that less than eighty-five**
52 **percent of the bond proceeds were or are being used for eligible green projects, the**
53 **green bond rating, certification, or validation on such municipal bond shall be void, the**
54 **exemption from state income taxation provided under subsection 3 of this section for the**

55 interest on and income from such municipal bond shall be void, and the bond holder
56 may recoup the amount of such taxes from the issuer of the bond.

57 (3) Notwithstanding any statute of limitation to the contrary, the bond holder
58 shall pay, and the department of revenue may assess and collect, state income tax on the
59 interest on and income from such municipal bond.

60 5. To protect municipal green bond holders and provide moneys for such bond
61 holders to recoup the amount of taxes as provided in subsection 4 of this section, a
62 municipality that issues a municipal green bond shall establish a green bond holder
63 protection fund separate from the municipality's debt service reserve fund or equivalent
64 fund. The amount maintained in the green bond holder protection fund shall be equal
65 to at least the amount of interest to be paid each year on such municipal green bond
66 multiplied by the top state income tax rate applicable to individuals under section
67 143.011.

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