

HCS HB 978 & 1028 -- ENERGY AND THE ENVIRONMENT (Bivins)

COMMITTEE OF ORIGIN: Committee on Energy and Environment

This substitute changes the laws regarding energy and the environment.

INCOME TAX CREDIT FOR HOMES BUILT UNDER GREEN BUILD STANDARDS

Beginning January 1, 2010, the substitute authorizes an income tax credit for homes built using green build standards. The credit ranges from 45 cents to \$1.15 per square foot of the home and will be based on the percentage of the level of green build standards met as verified by a program-certified, third-party verifier. The credit is not refundable, but can be transferred or carried back or carried forward to any taxable year. The credit will be on a first-come, first-served filing basis and cannot exceed \$2 million per fiscal year.

LINKED DEPOSIT LOAN PROGRAM

The substitute:

(1) Expands the Linked Deposit Loan Program to include eligible alternative energy consumers and eligible governmental entities;

(2) Revises the definition of "eligible job enhancement business" to limit the amount of the linked deposit to not exceed \$50,000 per job created or retained plus the initial cost of the physical expansion, renovation, or capital outlay when an applicant can demonstrate the significant costs associated with the physical expansion, renovation, or modernization of a facility or equipment;

(3) Increases from less than 25 to less than 100 the number of employees a company can employ in order to be considered an eligible small business; and

(4) Specifies that the total amount of tax credits available for qualified investments in Missouri small businesses cannot exceed \$30 million and at least \$20 million of that amount must be for the manufacture of alternative power generation equipment. Currently, the total amount of tax credits cannot exceed \$13 million.

SALES AND INSTALLATION OF HOME GENERATORS

The substitute prohibits a utility or affiliate from selling and installing home generators for electrical production unless there are no existing heating, ventilation, or air conditioning

providers in the service area. Every utility must comply with all local permit and code requirements.

MISSOURI ALTERNATIVE ENERGY LOAN AUTHORITY

The Missouri Alternative Energy Loan Authority is established within the Department of Natural Resources to provide low-interest loans on a need-based program to public and private entities for the purpose of financing various energy-saving projects and services. The authority will consist of seven members appointed by the Governor with the advice and consent of the Senate. The members' terms, eligibility, and qualifications are specified in the substitute. Action may be taken upon the affirmative vote of at least three members. The authority must file an annual financial statement with the department director.

An initial appropriation of \$14 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.

MISSOURI PROPANE EDUCATION AND RESEARCH COUNCIL

The substitute changes the laws regarding the Missouri Propane Education and Research Council. In its main provisions, the substitute:

- (1) Removes the provision allowing the director of the council to initiate a referendum on the abolishment of the council;
- (2) Removes the director's authority to:
 - (a) Fill council vacancies;
 - (b) Approve or modify council budgets. The council will approve or modify the budget after a 30-day public comment period;
 - (c) Require additional reports from the council; and
 - (d) Establish alternative means to collect the odorized propane assessment fee and establish a late payment charge and the rate of interest not to exceed the legal rate for judgments; and
- (3) Requires the Missouri council to keep funds resulting from the federal assessment rebate on propane fees and not to coordinate its operation with the National Propane Education and Research Council in conjunction with the United States Secretary of Energy.

WATER WELL REGULATIONS

The substitute specifies that any water system that serves a benevolent or charitable organization and draws less than 15,000 gallons per month will be exempt from all rules relating to well construction except those applying to domestic wells which are determined to present a threat to groundwater.

GREEN SCHOOL GRANTS FOR SCHOOL BUILDINGS

Any public school district seeking state reimbursement for bond offering costs related to new construction or renovation must certify a cost analysis of building to certification issued by the United States Green Building Council under the Leadership in Energy and Environmental Design Green Building Rating System (LEED) or an equivalent certification versus the cost of owning and operating a new or renovated building without LEED standards.

ENVIRONMENTAL AUDITS

The substitute allows companies to conduct voluntary environmental audits in order to discover and correct noncompliance with environmental regulations. If a company complies with the voluntary audit requirements, it will be exempt from certain types of criminal and administrative penalties and may keep its voluntary audit reports confidential. Companies will not be exempt from any tort actions by private parties. In order to comply with the voluntary audit requirements, a company must:

- (1) Discover noncompliance during a voluntary environmental audit or through a compliance management system;
- (2) Disclose its noncompliance to the Department of Natural Resources within 21 days;
- (3) Make the disclosure prior to any legal actions or regulatory investigations concerning the audit;
- (4) Correct any noncompliance within 60 days or as determined by the department;
- (5) Agree to take steps to prevent future noncompliance with environmental regulations;
- (6) Document that the reported noncompliance was not part of a pattern and that a similar noncompliance did not occur in the previous three years or within the past five years at another facility owned by the company;

(7) Prove that the noncompliance did not cause actual harm or violate an administrative order or agreement; and

(8) Provide certain specified information to the department.

The department cannot disclose any audit report information relating to scientific and technological innovations in which the owner has a proprietary interest that is protected from disclosure by law.

The provisions of the substitute regarding the tax credit for homes built using green building standards expire December 31 five years from the effective date.

INCOME TAX CREDIT FOR STORM SHELTER

Beginning January 1, 2009, the substitute authorizes a one-time income tax credit to a taxpayer for 50% of the cost of the construction or \$1,500, whichever is less, of a storm shelter built in America and installed on or after January 1, 2003. The credit is not refundable or transferable. The total amount of credits, which will be issued on a first-come, first-served filing basis, cannot exceed \$2 million in any fiscal year.

SOLAR WATER HEATING SYSTEM INCENTIVE PROGRAM

The substitute establishes the Solar Water Heating System Incentive Program to provide financial incentives for the purchase and installation of solar water heating systems in private residences. Subject to appropriations, the Department of Natural Resources must provide and administer the incentives. The substitute specifies the requirements that must be met to receive an incentive and caps the incentive at \$500 for each qualifying solar water heating system. Homeowners are eligible for up to \$500 per year, and homebuilders are eligible for up to \$1,500 per year. The total amount of incentives cannot exceed \$100,000 in any year and requires that no more than 40 incentives can be dispersed in January, March, May, July, and September of each year.

TAX CREDIT FOR VOLUNTEER FIREFIGHTERS

Beginning January 1, 2009, the substitute authorizes an annual \$180 income tax credit for volunteer firefighters who complete during the year at least 12 hours of any firefighter training program approved by the Office of the State Fire Marshal within the Department of Public Safety. Beginning January 1, 2011, the tax credit will increase to \$360 per year if the firefighter completes the Basic Fire Fighter Program or has been certified after completing the Fire Fighter I or Fire Fighter II Program by

the Division of Fire Safety for at least 36 hours. The tax credit is not refundable but can be carried forward for four years.

The provisions regarding the income tax credit for storm shelters and the tax credit for volunteer firefighters will expire December 31 six years from the effective date. The provisions regarding the Solar Water Heating System Incentive Program will expire six years from the effective date.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$14,279,112 to \$22,285,779 in FY 2010, \$333,722 to \$12,680,389 in FY 2011, and \$353,590 to \$12,700,257 in FY 2012. Estimated Effect on Other State Funds of an income of Unknown to a cost of Unknown in FY 2010, FY 2011, and FY 2012.