

Journal of the Senate

SECOND REGULAR SESSION

SIXTY-FOURTH DAY - MONDAY, MAY 13, 2024

The Senate met pursuant to adjournment.

President Kehoe in the Chair.

The Reverend Stephen George offered the following prayer:

"Search me, O God, and know my heart; test me and know my thoughts. See if there is any wicked way in me, and lead me in the way everlasting." (Psalm 139:23-24 NRSV)

Almighty God, we pause before the start of this senate meeting to invite Your presence into this chamber. Just as King David prayed in Psalm 139, we ask You to search our hearts and know our thoughts. Lead us in the way everlasting, and grant us the wisdom to discern what is right and the courage to pursue it. May our actions this week reflect Your righteousness and bring honor to Your name. We ask this in Your Holy Name, Amen.

The Pledge of Allegiance to the Flag was recited.

A quorum being established, the Senate proceeded with its business.

The Journals for Thursday, May 9, 2024, and Friday, May 10, 2024, were read and approved.

Photographers from Columbia Missourian, Gray TV, The Kansas City Star, KOMU-8, KRCG-TV, KSDK-TV, KWMU, Murray Center, and Nexstar Media Group were given permission to take pictures in the Senate Chamber.

The following Senators were present during the day's proceedings:

Present—Senators

Arthur	Bean	Beck	Bernskoetter	Black	Brattin	Brown (16th Dist.)
Brown (26th Dist.)	Carter	Cierpiot	Coleman	Crawford	Eigel	Eslinger
Fitzwater	Gannon	Hoskins	Hough	Koenig	Luetkemeyer	May
McCreery	Moon	Mosley	O'Laughlin	Rizzo	Roberts	Rowden
Schroer	Thompson Rehder	Trent	Washington	Williams—33		

Absent—Senators—None

Absent with leave—Senators—None

Vacancies—1

The Lieutenant Governor was present.

RESOLUTIONS

Senator Rowden offered Senate Resolution No. 1028, regarding the University of Missouri-Columbia Tigers football team, which was adopted.

Senators Schroer and Brown (26) offered Senate Resolution No. 1029, regarding Exit 11 Coffee, Saint Charles, which was adopted.

Senator Brown (26) offered Senate Resolution No. 1030, regarding Madeline H. Wilson, which was adopted.

Senator Brown (26) offered Senate Resolution No. 1031, regarding Raymond "Ray" Paul Cobb, Catawissa, which was adopted.

Senator Williams offered Senate Resolution No. 1032, regarding Daniel "Dan" Dean Billingsley, Bridgeton, which was adopted.

Senator Williams offered Senate Resolution No. 1033, regarding Johnnie Lee Gross, Northwoods, which was adopted.

Senator Gannon offered Senate Resolution No. 1034, regarding Michael "Mike" Allen Thompson, Festus, which was adopted.

Senator Gannon offered Senate Resolution No. 1035, regarding Arthur Alvin Frey, Festus, which was adopted.

Senator Gannon offered Senate Resolution No. 1036, regarding Carl Steven Donze, Bismark, which was adopted.

Senator Williams offered Senate Resolution No. 1037, regarding Rachel Boemer, St. Louis, which was adopted.

Senator Black offered Senate Resolution No. 1038, regarding Alice McKee, Maysville, which was adopted.

Senator Black offered Senate Resolution No. 1039, regarding April Heslinga, Maysville, which was adopted.

Senator Black offered Senate Resolution No. 1040, regarding Dr. Michele Thomason, St. Joseph, which was adopted.

Senator Black offered Senate Resolution No. 1041, regarding Donnie Rhoad, Maysville, which was adopted.

Senator Bernskoetter offered Senate Resolution No. 1042, regarding the Blair Oaks High School Falcons archery team, Wardsville, which was adopted.

Senator Gannon offered Senate Resolution No. 1043, regarding Angelique N. Massa, Festus, which was adopted.

Senator Brown (16) offered Senate Resolution No. 1044, regarding Matt Fridley, Rolla, which was adopted.

Senator Bean offered Senate Resolution No. 1045, regarding Joyce Keathley, Ellsinore, which was adopted.

Senator Carter offered Senate Resolution No. 1046, regarding Brooklyn Meyer, Joplin, which was adopted.

Senator Bernskoetter offered Senate Resolution No. 1047, regarding the Seventieth Wedding Anniversary of June and W. Gary Spencer, Jefferson City, which was adopted.

PRIVILEGED MOTIONS

Senator Coleman moved that **SS No. 4** for **SCS** for **SJR**s **74, 48, 59, 61,** and **83**, with **HCS**, as amended, be taken up for 3rd reading and final passage, which motion prevailed.

HCS for **SS No. 4** for **SCS** for **SJR**s **74, 48, 59, 61,** and **83**, entitled:

HOUSE COMMITTEE SUBSTITUTE FOR
SENATE SUBSTITUTE NO. 4 FOR
SENATE COMMITTEE SUBSTITUTE FOR
SENATE JOINT RESOLUTION NOS. 74, 48, 59, 61 and 83

Joint Resolution submitting to the qualified voters of Missouri an amendment repealing Sections 2(b) and 3(c) of Article XII of the Constitution of Missouri, and adopting five new sections in lieu thereof relating to constitutional amendments.

Was taken up.

Senator Coleman moved that **HCS**, as amended, for **SS No. 4** for **SCS** for **SJR**s **74, 48, 59, 61,** and **83** be adopted.

Senator Rizzo offered a substitute motion that the Senate refuse to concur in **HCS**, as amended, for **SS No. 4** for **SCS** for **SJR**s **74, 48, 59, 61,** and **83** and request the House recede from its position, or failing to do so, grant the Senate a conference thereon and the conferees be allowed to exceed the differences.

Senator Bean assumed the Chair.

Senator Fitzwater assumed the Chair.

Senator Rowden assumed the Chair.

Senator Fitzwater assumed the Chair.

Senator Thompson Rehder assumed the Chair.

Senator Bean assumed the Chair.

Senator Fitzwater assumed the Chair.

Senator Hough assumed the Chair.

Senator Fitzwater assumed the Chair.

Senator Black assumed the Chair.

Senator Fitzwater assumed the Chair.

Senator Black assumed the Chair.

Senator Bean assumed the Chair.
Senator O’Laughlin assumed the Chair.
Senator Bean assumed the Chair.
Senator Schroer assumed the Chair.
Senator Crawford assumed the Chair.
Senator Thompson Rehder assumed the Chair.
Senator Cierpiot assumed the Chair.
Senator Thompson Rehder assumed the Chair.
Senator Luetkemeyer assumed the Chair.
Senator Crawford assumed the Chair.
Senator O’Laughlin assumed the Chair.
Senator Luetkemeyer assumed the Chair.
Senator Thompson Rehder assumed the Chair.
Senator Trent assumed the Chair.
Senator Carter assumed the Chair.
Senator Brown (16) assumed the Chair.
Senator Koenig assumed the Chair.
Senator Cierpiot assumed the Chair.
Senator Luetkemeyer assumed the Chair.
Senator Fitzwater assumed the Chair.
Senator Eigel assumed the Chair.
Senator Moon assumed the Chair.
Senator Bean assumed the Chair.
Senator Black assumed the Chair.
Senator Fitzwater assumed the Chair.
Senator Trent assumed the Chair.
Senator Schroer assumed the Chair.
Senator Rowden assumed the Chair.
Senator Luetkemeyer assumed the Chair.
Senator Black assumed the Chair.
Senator Bean assumed the Chair.
Senator Arthur assumed the Chair.
Senator Trent assumed the Chair.

Senator Rowden assumed the Chair.

Senator Bernskoetter assumed the Chair.

Senator Koenig assumed the Chair.

Senator Bean assumed the Chair.

Senator Rowden assumed the Chair.

At the request of Senator Coleman, the motion to adopt **HCS** for **SS No. 4** for **SCS** for **SJR**s 74, 48, 59, 61, and 83, as amended, was withdrawn, rendering the above substitute motion moot.

Senator Coleman moved that the Senate refuse to concur in **HCS**, as amended, for **SS No. 4** for **SCS** for **SJR**s 74, 48, 59, 61, and 83, and request the House recede from its position, or, failing to do so, grant the Senate a conference thereon. She requested a roll call vote be taken and was joined in her request by Senators Arthur, Beck, Eigel, and Rizzo.

The above privileged motion prevailed by the following vote:

YEAS—Senators

Arthur	Bean	Beck	Bernskoetter	Cierpiot	Coleman	Crawford
Eslinger	Hough	May	McCreery	Mosley	O'Laughlin	Rizzo
Roberts	Rowden	Washington	Williams—18			

NAYS—Senators

Black	Brattin	Brown (26th Dist.)	Carter	Eigel	Fitzwater	Hoskins
Koenig	Luetkemeyer	Moon	Schroer	Thompson Rehder	Trent—13	

Absent—Senator Brown (16th Dist.)—1

Absent with leave—Senator Gannon—1

Vacancies—1

MESSAGES FROM THE HOUSE

The following messages were received from the House of Representatives through its Chief Clerk:

Mr. President: I am instructed by the House of Representatives to inform the Senate that the House has taken up and adopted **SS** for **SCS** for **HCS** for **HB 2013** and has taken up and passed **SS** for **SCS** for **HCS** for **HB 2013**.

Also,

Mr. President: I am instructed by the House of Representatives to inform the Senate that the House has taken up and adopted **SS** for **SCS** for **HCS** for **HB 2017** and has taken up and passed **SS** for **SCS** for **HCS** for **HB 2017**.

Also,

Mr. President: I am instructed by the House of Representatives to inform the Senate that the House has taken up and adopted **SS** for **SCS** for **HCS** for **HB 2018** and has taken up and passed **SS** for **SCS** for **HCS** for **HB 2018**.

Also,

Mr. President: I am instructed by the House of Representatives to inform the Senate that the House has taken up and adopted **SS** for **SCS** for **HCS** for **HB 2019** and has taken up and passed **SS** for **SCS** for **HCS** for **HB 2019**.

Also,

Mr. President: I am instructed by the House of Representatives to inform the Senate that the House has taken up and adopted **SS** for **SCS** for **HCS** for **HB 2020** and has taken up and passed **SS** for **SCS** for **HCS** for **HB 2020**.

Also,

Mr. President: I am instructed by the House of Representatives to inform the Senate that the House has taken up and passed **SB 1453**.

Bill ordered enrolled.

Also,

Mr. President: I am instructed by the House of Representatives to inform the Senate that the House has taken up and passed **HCS No. 2** for **SS No. 2** for **SB 964**, entitled:

An Act to repeal section 9.344, RSMo, and to enact in lieu thereof fifty-two new sections relating to state designations.

With House Amendment No. 1, House Amendment No. 2, House Amendment No. 1 to House Amendment No. 3, House Amendment No. 2 to House Amendment No. 3, House Amendment No. 3 to House Amendment No. 3, House Amendment No. 4 to House Amendment No. 3, House Amendment No. 3, as amended.

HOUSE AMENDMENT NO. 1

Amend House Committee Substitute No. 2 for Senate Substitute No. 2 for Senate Bill No. 964, Page 5, Section 10.256, Line 4, by inserting after all of section and line the following:

“60.570. 1. The permanent headquarters of the land survey program shall be at or near to the principal office of the Missouri state geological survey. Until such time as other headquarters can be obtained by the land survey program, the state geologist shall provide such space in the state geological survey building as may be available. No department shall charge any fee over or above the amount paid to the office of administration for utilization of the building. The land survey program may also establish and maintain regional offices in the metropolitan areas of the state for the storage and distribution of local survey record information.

2. The building that occupies the permanent headquarters of the land survey program [may] **shall** be renamed and referred to as the “Robert E. **(Bob)** Myers Building” **with an appropriate plaque placed on the outside of the building at the main entrance. The plaque shall be provided by the Missouri Society of Professional Surveyors with installation to be paid by the state.**”; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 2

Amend House Committee Substitute No. 2 for Senate Substitute No. 2 for Senate Bill No. 964, Page 8, Section 227.856, Line 4, by inserting after all of said section and line the following:

“227.857. The portion of Interstate 49 from U.S. Highway 71 continuing south to the Arkansas/Missouri state line in McDonald County shall be designated the “Deputy Marshal David Thurman Memorial Highway”. The department of transportation shall erect and maintain appropriate signs designating such highway, with the costs to be paid by the department of transportation.”; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 1 TO
HOUSE AMENDMENT NO. 3

Amend House Amendment No. 3 to House Committee Substitute No. 2 for Senate Substitute No. 2 for Senate Bill No. 964, Page 1, Line 1, by inserting after said line the following:

“Page 9, Section 227.870, Line 5, by inserting after all of said section and line the following:

“227.873. The portion of State Highway 32 from State Highway 123 continuing east to 65th road in Polk County shall be designated the “US Navy ENS Paul C Phifer Memorial Highway”. The department of transportation shall erect and maintain appropriate signs designating such highway, with the costs to be paid by the department of transportation.”; and

Further amend said bill,”; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 2 TO
HOUSE AMENDMENT NO. 3

Amend House Amendment No. 3 to House Committee Substitute No. 2 for Senate Substitute No. 2 for Senate Bill No. 964, Page 1, Line 4, by deleting said line and inserting in lieu thereof the following:

““227.869. The portion of Missouri Highway 19 from County Road 5090 continuing south to State Route B/State Route K junction in Dent County shall be designated the “Dillard Family Highway”. The department of transportation shall erect and maintain appropriate signs designating such highway, with the costs to be paid by private donations.

Section 1. The portion of U.S. Highway 65 from Battlefield Road continuing south to”; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 3 TO
HOUSE AMENDMENT NO. 3

Amend House Amendment No. 3 to House Committee Substitute No. 2 for Senate Substitute No. 2 for Senate Bill No. 964, Page 1, Line 1, by inserting after the number “964,” the following:

“Page 8, Section 227.861, Line 5, by inserting after all of said section and line the following:

“227.862. The portion of U.S. Highway 24 from Davis Road continuing east to Ferguson Spring Road in Jackson County shall be designated the “WWII Robert Earl Sauls Memorial Highway”. The department of transportation shall erect and maintain appropriate signs designating such highway, with the costs to be paid by private donations.”; and

Further amend said bill,”; and

Further amend said amendment and page, Line 8, by deleting said line and inserting in lieu thereof the following:

“transportation.

Section 2. The portion of Interstate 70 from State Highway 131 continuing east to State Highway O/M in Lafayette County shall be designated as “Officer Cody Allen Memorial Highway”. The department of transportation shall erect and maintenance appropriate signs designating such highway with the costs to be paid by the department.”; and”; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 4 TO
HOUSE AMENDMENT NO. 3

Amend House Amendment No. 3 to House Committee Substitute No. 2 for Senate Substitute No. 2 for Senate Bill No. 964, Page 1, Line 1, by inserting after the number “964,” the following:

“Page 8, Section 227.865, Line 4, by inserting after all of said section and line the following:

“227.866. The bridge on State Highway 17 south of the City of Summersville crossing over Spring Valley Creek in Texas County shall be designated the “POW/MIA Theodore Padberg Memorial Bridge”. The department of transportation shall erect and maintain appropriate signs designating such highway, with the costs to be paid by the department of transportation.”; and

Further amend said bill,”; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 3

Amend House Committee Substitute No. 2 for Senate Substitute No. 2 for Senate Bill No. 964, Page 10, Section 620.471, Line 36, by inserting after all of said section and line the following:

“Section 1. The portion of U.S. Highway 65 from Battlefield Road continuing south to U.S. Highway 60/James River Freeway in Greene County shall be designated as “SSG Ronald C. Blystone Memorial Highway”. The department of transportation shall erect and maintain

appropriate signs designating such highway, with the costs to be paid by the department of transportation.”; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

In which the concurrence of the Senate is respectfully requested.

Also,

Mr. President: I am instructed by the House of Representatives to inform the Senate that the House has taken up and passed **HCS** for **SS** for **SB 898**, entitled:

An Act to repeal sections 70.605, 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, 86.200, 87.140, 87.145, 87.155, 87.260, 87.350, 105.688, 143.124, 169.070, 169.560, and 169.660, RSMo, and to enact in lieu thereof twenty-one new sections relating to pensions.

With House Amendment No. 1 and House Amendment No. 2.

HOUSE AMENDMENT NO. 1

Amend House Committee Substitute for Senate Substitute for Senate Bill No. 898, Page 38, Section 169.560, Line 68, by inserting after all of the said section and line the following:

“169.596. 1. Notwithstanding any other provision of this chapter to the contrary, a retired certificated teacher receiving a retirement benefit from the retirement system established pursuant to sections 169.010 to 169.141 may, without losing his or her retirement benefit, teach full time for up to four years for a school district covered by such retirement system; provided that the school district has a shortage of certified teachers, as determined by the school district, and provided that no such retired certificated teacher shall be employed as a superintendent. The total number of such retired certificated teachers shall not exceed, at any one time, the greater of one percent of the total certificated teachers and noncertificated staff for that school district, or five certificated teachers.

2. Notwithstanding any other provision of this chapter to the contrary, a person receiving a retirement benefit from the retirement system established pursuant to sections 169.600 to 169.715 may, without losing his or her retirement benefit, be employed full time for up to four years for a school district covered by such retirement system; provided that the school district has a shortage of noncertificated employees, as determined by the school district. The total number of such retired noncertificated employees shall not exceed, at any one time, the [lesser of ten] **the greater of one percent of the total certificated teachers and noncertificated staff** for that school district, or five employees.

3. The employer's contribution rate shall be paid by the hiring school district.

4. In order to hire teachers and noncertificated employees pursuant to the provisions of this section, the school district shall:

(1) Show a good faith effort to fill positions with nonretired certificated teachers or nonretired noncertificated employees;

(2) Post the vacancy for at least one month;

- (3) Have not offered early retirement incentives for either of the previous two years;
- (4) Solicit applications through the local newspaper, other media, or teacher education programs;
- (5) Determine there is an insufficient number of eligible applicants for the advertised position; and
- (6) Declare a critical shortage of certificated teachers or noncertificated employees that is active for one year.

5. Any person hired pursuant to this section shall be included in the State Directory of New Hires for purposes of income and eligibility verification pursuant to 42 U.S.C. Section 1320b-7.”; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 2

Amend House Committee Substitute for Senate Substitute for Senate Bill No. 898, Page 1, Section A, Line 6, by inserting after all of said section and line the following:

“1.2020. 1. This section shall be known and may be cited as the “Foreign Adversary Divestment Act”.

2. As used in this section, the following terms shall mean:

(1) “Official government capacity”, any role, elected or appointed, in a government or its subsidiaries;

(2) “Prohibited company”, a company appearing on the sanctions list of the Office of Foreign Assets Control;

(3) “State-managed fund”, any short- or long-term investment structure that is state managed, state run, state controlled, or otherwise overseen by the state of Missouri, a state agency, or any political subdivision of this state, including any agency controlled by such political subdivision, over or in which the state or political subdivision has primary discretion or vested interest. “State-managed fund” shall include, but not be limited to public pension funds, public retirement funds, or other state-sponsored funds that are sponsored, maintained, or contributed to or required to be contributed to by the state of Missouri or any of its political subdivisions.

3. All state-managed funds shall be prohibited from holding investments in any prohibited company.

4. (1) All state-managed funds are required to begin divestment of any holdings prohibited in subsection 3 of this section, with total divestment achieved three years after the effective date of this section.

(2) For purposes of this section, “total divestment” shall mean reducing the value of prohibited investments to no more than five-hundredths of a percent of the market value of all assets under management by a state-managed fund.

5. No later than one year after the effective date of this section, the state treasurer shall identify all prohibited companies and include those companies in a list of restricted companies to be distributed to each state-managed fund. In compiling the list, the state treasurer shall, at a minimum:

(1) Review and rely on publicly available information regarding all prohibited companies, including information provided by nonprofit organizations, research firms, and government entities;

(2) Contact asset managers and fund managers contracted by a state-managed fund that invests in all prohibited companies;

(3) Contact other institutional investors that have divested from or engaged with all prohibited companies; and

(4) Retain an independent research firm to identify all prohibited companies.

6. Nothing in this section shall be construed to inhibit, conflict, impede, or otherwise interfere with any required financial safeguards, fiduciary requirements, or other sound investment criteria to which any state-managed fund is subject.”; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

In which the concurrence of the Senate is respectfully requested.

Also,

Mr. President: I am instructed by the House of Representatives to inform the Senate that the House has taken up and passed **HCS No. 2** for **SS** for **SCS** for **SB 835**, entitled:

An Act to repeal sections 67.2800, 67.2810, 67.2815, 67.2817, 67.2830, 67.2840, 95.280, 95.285, 95.355, 130.011, 130.021, 130.031, 130.036, 130.041, 143.121, 214.330, 361.700, 361.705, 361.707, 361.711, 361.715, 361.718, 361.720, 361.723, 361.725, 361.727, 362.245, 362.1010, 362.1015, 362.1030, 362.1035, 362.1040, 362.1055, 362.1060, 362.1085, 362.1090, 362.1095, 362.1100, 362.1105, 362.1110, 362.1115, 362.1116, 362.1117, 376.1345, 379.1640, 381.410, 408.035, 408.140, 415.415, 442.210, 456.950, 469.401, 469.402, 469.403, 469.405, 469.409, 469.411, 469.413, 469.415, 469.417, 469.419, 469.421, 469.423, 469.425, 469.427, 469.429, 469.431, 469.432, 469.433, 469.435, 469.437, 469.439, 469.441, 469.443, 469.445, 469.447, 469.449, 469.451, 469.453, 469.455, 469.457, 469.459, 469.461, 469.463, 469.465, and 469.467, RSMo, and to enact in lieu thereof one hundred thirty-three new sections relating to financial transactions, with penalty provisions.

With House Amendment No. 1, House Amendment No. 2, House Amendment No. 3 and House Amendment No. 4.

HOUSE AMENDMENT NO. 1

Amend House Committee Substitute No. 2 for Senate Substitute for Senate Committee Substitute for Senate Bill No. 835, Pages 11-12, Section 110.075, Lines 1-40, by deleting said section and lines from the bill; and

Further amend said bill, Page 39, Section 143.121, Lines 246, 250, 254, 256, and 257, by inserting immediately after each instance of the word “**debt**” the word “**obligation**”; and

Further amend said bill, Page 43, Section 361.900, Lines 1-2, by deleting said section and lines from the bill; and

Further amend said bill, Pages 43-44, Section 361.903, Lines 1-11, by deleting said section and lines from the bill; and

Further amend said bill, Pages 44-48, Section 361.906, Lines 1-154, by deleting said section and lines from the bill; and

Further amend said bill, Pages 48-50, Section 361.909, Lines 1-66, by deleting said section and lines from the bill; and

Further amend said bill, Page 50, Section 361.912, Lines 1-3, by deleting said section and lines from the bill; and

Further amend said bill, Pages 50-51, Section 361.915, Lines 1-31, by deleting said section and lines from the bill; and

Further amend said bill, Page 51, Section 361.918, Lines 1-12, by deleting said section and lines from the bill; and

Further amend said bill, Pages 51-52, Section 361.921, Lines 1-28, by deleting said section and lines from the bill; and

Further amend said bill, Page 52, Section 361.924, Lines 1-23, by deleting said section and lines from the bill; and

Further amend said bill, Pages 52-53, Section 361.927, Lines 1-9, by deleting said section and lines from the bill; and

Further amend said bill, Page 53, Section 361.930, Lines 1-10, by deleting said section and lines from the bill; and

Further amend said bill, Pages 53-54, Section 361.933, Lines 1-34, by deleting said section and lines from the bill; and

Further amend said bill, Pages 54-56, Section 361.936, Lines 1-73, by deleting said section and lines from the bill; and

Further amend said bill, Pages 56-57, Section 361.939, Lines 1-42, by deleting said section and lines from the bill; and

Further amend said bill, Pages 57-58, Section 361.942, Lines 1-53, by deleting said section and lines from the bill; and

Further amend said bill, Pages 58-59, Section 361.945, Lines 1-12, by deleting said section and lines from the bill; and

Further amend said bill, Page 59, Section 361.948, Lines 1-8, by deleting said section and lines from the bill; and

Further amend said bill, Pages 59-62, Section 361.951, Lines 1-120, by deleting said section and lines from the bill; and

Further amend said bill, Pages 62-63, Section 361.954, Lines 1-26, by deleting said section and lines from the bill; and

Further amend said bill, Page 63, Section 361.957, Lines 1-19, by deleting said section and lines from the bill; and

Further amend said bill, Pages 63-64, Section 361.960, Lines 1-13, by deleting said section and lines from the bill; and

Further amend said bill, Page 64, Section 361.963, Lines 1-18, by deleting said section and lines from the bill; and

Further amend said bill, Pages 64-65, Section 361.966, Lines 1-19, by deleting said section and lines from the bill;

Further amend said bill, Page 65, Section 361.969, Lines 1-6, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.972, Lines 1-19, by deleting said section and lines from the bill; and

Further amend said bill, Pages 66-67, Section 361.975, Lines 1-56, by deleting said section and lines from the bill; and

Further amend said bill, Page 67, Section 361.978, Lines 1-5, by deleting said section and lines from the bill; and

Further amend said bill, Pages 67-68, Section 361.981, Lines 1-17, by deleting said section and lines from the bill; and

Further amend said bill, Page 68, Section 361.984, Lines 1-9, by deleting said section and lines from the bill; and

Further amend said bill, Pages 68-69, Section 361.987, Lines 1-25, by deleting said section and lines from the bill; and

Further amend said bill, Page 69, Section 361.990, Lines 1-29, by deleting said section and lines from the bill; and

Further amend said bill, Pages 69-70, Section 361.996, Lines 1-8, by deleting said section and lines from the bill and inserting in lieu thereof the following:

“361.996. 1. A licensee that provides payroll processing services shall:

(1) Issue reports to clients detailing client payroll obligations in advance of the payroll funds being deducted from an account; and

(2) Make available worker paystubs or an equivalent statement to workers.

2. Subsection 1 of this section shall not apply to a licensee providing payroll processing services if the licensee's client designates the intended recipients to the licensee and is responsible for providing the disclosures required by subdivision (2) of subsection 1 of this section.

3. A licensee may appoint an agent to provide payroll processing services for which the agent would otherwise need to be licensed, provided that:

(1) There is a written agreement between the licensee and the agent that directs the agent to provide payroll processing services on the licensee's behalf;

(2) The licensee holds the agent out to employees and other licensees as providing payroll processing services on the licensee's behalf; and

(3) The licensee's obligation to the payee, including an employee or any other party entitled to receive funds, from the payroll processing services provided by the agent shall not be extinguished if the agent fails to remit the funds to the proper recipient.

4. A person appointed as an agent of a payor for purposes of providing payroll processing services for which the agent would otherwise need to be licensed shall not need to be licensed, provided all of the following apply:

(1) There is a written agreement between the payor and the agent that directs the agent to provide payroll processing services on the payor's behalf;

(2) The payor holds the agent out to employees and other payees as providing payroll processing services on the payor's behalf; and

(3) The payor's obligation to a payee, including an employee or any other party entitled to receive funds via the payroll processing services provided by the agent, shall not be extinguished if the agent fails to remit the funds to the payee.”; and

Further amend said bill, Page 70, Section 361.999, Lines 1-11, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.1002, Lines 1-13, by deleting said section and lines from the bill; and

Further amend said bill, Pages 70-71, Section 361.1005, Lines 1-38, by deleting said section and lines from the bill; and

Further amend said bill, Pages 71-74, Section 361.1008, Lines 1-116, by deleting said section and lines from the bill; and

Further amend said bill, Pages 74-75, Section 361.1011, Lines 1-26, by deleting said section and lines from the bill; and

Further amend said bill, Pages 75-76, Section 361.1014, Lines 1-23, by deleting said section and lines from the bill; and

Further amend said bill, Page 76, Section 361.1017, Lines 1-18, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.1020, Lines 1-7, by deleting said section and lines from the bill; and

Further amend said bill, Page 77, Section 361.1023, Lines 1-12, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.1026, Lines 1-5, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.1029, Lines 1-15, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.1032, Lines 1-3, by deleting said section and lines from the bill; and

Further amend said bill, Pages 77-78, Section 361.1035, Lines 1-10, by deleting said section and lines from the bill; and

Further amend said bill, Page 78, Section 362.245, Lines 1-29, by deleting said section and lines from the bill; and

Further amend said bill, Page 79, Section 362.1010, Lines 1-2, by deleting said section and lines from the bill; and

Further amend said bill, Pages 79-82, Section 362.1015, Lines 1-116, by deleting said section and lines from the bill; and

Further amend said bill, Pages 82-84, Section 362.1030, Lines 1-72, by deleting said section and lines from the bill; and

Further amend said bill, Page 84, Section 362.1035, Lines 1-19, by deleting said section and lines from the bill; and

Further amend said bill, Pages 84-85, Section 362.1040, Lines 1-19, by deleting said section and lines from the bill; and

Further amend said bill, Pages 85-86, Section 362.1055, Lines 1-37, by deleting said section and lines from the bill; and

Further amend said bill, Pages 86-87, Section 362.1060, Lines 1-30, by deleting said section and lines from the bill; and

Further amend said bill, Page 87, Section 362.1085, Lines 1-32, by deleting said section and lines from the bill; and

Further amend said bill, Pages 87-89, Section 362.1090, Lines 1-51, by deleting said section and lines from the bill; and

Further amend said bill, Page 89, Section 362.1095, Lines 1-12, by deleting said section and lines from the bill; and

Further amend said bill, Pages 89-91, Section 362.1100, Lines 1-71, by deleting said section and lines from the bill; and

Further amend said bill, Pages 91-92, Section 362.1105, Lines 1-41, by deleting said section and lines from the bill; and

Further amend said bill, Pages 92-93, Section 362.1110, Lines 1-33, by deleting said section and lines from the bill; and

Further amend said bill, Pages 93-94, Section 362.1115, Lines 1-45, by deleting said section and lines from the bill; and

Further amend said bill, Page 94, Section 362.1116, Lines 1-3, by deleting said section and lines from the bill; and

Further amend said bill, Pages 94-95, Section 362.1117, Lines 1-9, by deleting said section and lines from the bill; and

Further amend said bill, Pages 95-96, Section 376.1345, Lines 1-48, by deleting said section and lines from the bill; and

Further amend said bill, Pages 96-99, Section 379.1640, Lines 1-118, by deleting said section and lines from the bill; and

Further amend said bill, Pages 104-111, Section 427.300, Lines 1-229, by deleting said section and lines from the bill; and

Further amend said bill, Pages 112-113, Section 456.950, Lines 1-64, by deleting said section and lines from the bill; and

Further amend said bill, Page 127, Section 469.415, Line 2, by deleting “subdivision [(4)] **(6)**” and inserting in lieu thereof the following: “[subdivision (4)] **subsection 6**”; and

Further amend said bill, Page 157, Section 95.280, Lines 1-31, by deleting said section and lines from the bill; and

Further amend said bill, Pages 157-158, Section 95.285, Lines 1-13, by deleting said section and lines from the bill; and

Further amend said bill, Page 158, Section 95.355, Lines 1-11, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.700, Lines 1-11, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.705, Lines 1-10, by deleting said section and lines from the bill; and

Further amend said bill, Pages 158-159, Section 361.707, Lines 1-12, by deleting said section and lines from the bill; and

Further amend said bill, Page 159, Section 361.711, Lines 1-32, by deleting said section and lines from the bill; and

Further amend said bill, Pages 159-160, Section 361.715, Lines 1-16, by deleting said section and lines from the bill; and

Further amend said bill, Page 160, Section 361.718, Lines 1-8, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.720, Lines 1-8, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.723, Lines 1-5, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.725, Lines 1-8, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.727, Lines 1-3, by deleting said section and lines from the bill; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 2

Amend House Committee Substitute No. 2 for Senate Substitute for Senate Committee Substitute for Senate Bill No. 835, Page 3, Section 30.267, Line 21, by inserting after all of said section and line the following:

“[50.815. 1. On or before June thirtieth of each year, the county commission of each county of the first, second, third, or fourth classification shall, with the assistance of the county clerk or other officer responsible for the preparation of the financial statement, prepare and publish in some newspaper of general circulation published in the county, as provided under section 493.050, a financial statement of the county for the year ending the preceding December thirty-first.

2. The financial statement shall show at least the following:

- (1) A summary of the receipts of each fund of the county for the year;
- (2) A summary of the disbursements and transfers of each fund of the county for the year;
- (3) A statement of the cash balance at the beginning and at the end of the year for each fund of the county;
- (4) A summary of delinquent taxes and other due bills for each fund of the county;
- (5) A summary of warrants of each fund of the county outstanding at the end of the year;

(6) A statement of bonded indebtedness, if any, at the beginning and at the end of the year for each fund of the county;

(7) A statement of the tax levies of each fund of the county for the year; and

(8) The name, office, and current gross annual salary of each elected or appointed county official.

3. The financial statement need not show specific disbursements, warrants issued, or the names of specific payees except to comply with subdivision (8) of subsection 2 of this section, but every individual warrant, voucher, receipt, court order and all other items, records, documents and other information which are not specifically required to be retained by the officer having initial charge thereof shall be filed on or before the date of publication of the financial statement prescribed by subsection 1 of this section in the office of the county clerk. The county clerk or other officer responsible for the preparation of the financial statement shall preserve the same, shall provide an electronic copy of the data used to create the financial statement without charge to any newspaper requesting a copy of such data, and shall cause the same to be available for inspection during normal business hours on the request of any person, for a period of five years following the date of filing in his or her office, after which five-year period these records may be disposed of according to law unless they are the subject of a legal suit pending at the expiration of that period.

4. At the end of the financial statement, each commissioner of the county commission and the county clerk shall sign and append the following certificate:

We, _____?, _____?, and _____?, duly elected commissioners of the county commission of _____? County, Missouri, and I, _____? _____?, county clerk of that county, certify that the above and foregoing is a complete and correct statement of every item of information required in section 50.815 for the year ending December 31, 20_____, and we have checked every receipt from every source and every disbursement of every kind and to whom and for what each disbursement was made, and each receipt and disbursement is accurately included in the above and foregoing totals. (If for any reason complete and accurate information is not given the following shall be added to the certificate.) Exceptions: the above report is incomplete because proper information was not available in the following records _____? which are in the keeping of the following officer or officers _____?.

Date _____?

_____?

_____?

_____?

Commissioners, County Commission

_____?

County Clerk

5. Any person falsely certifying to any fact covered by the certificate is liable on his or her bond and is guilty of a misdemeanor and, on conviction thereof, shall be punished by a fine of not less than two hundred dollars or more than one thousand dollars, or by confinement in the county jail for a period of not less than thirty days nor more than six months, or by both such fine and confinement. Any person charged with preparing the financial report who willfully or knowingly makes a false report of any record is, in addition to the penalties otherwise provided for in this section, guilty of a felony, and upon conviction thereof shall be sentenced to imprisonment by the department of corrections for a term of not less than two years nor more than five years.]

50.815. 1. On or before [the first Monday in March] **June thirtieth** of each year, the county commission of each county of the first [class not having a charter form of government], **second, third, or fourth classification** shall, with the assistance of the county clerk **or other officer responsible for the preparation of the financial statement**, prepare and publish in some newspaper of general circulation published in the county, **as provided under section 493.050**, a financial statement of the county for the year ending the preceding December thirty-first.

2. The financial statement shall show at least the following:

- (1) A summary of the receipts of each fund of the county for the year;
- (2) A summary of the disbursements and transfers of each fund of the county for the year;
- (3) A statement of the cash balance at the beginning and at the end of the year for each fund of the county;
- (4) A summary of delinquent taxes and other due bills for each fund of the county;
- (5) A summary of warrants of each fund of the county outstanding at the end of the year;
- (6) A statement of bonded indebtedness, if any, at the beginning and at the end of the year for each fund of the county; [and]
- (7) A statement of the tax levies of each fund of the county for the year; **and**
- (8) The name, office, and current gross annual salary of each elected or appointed county official.**

3. The financial statement need not show specific disbursements, warrants issued, or the names of specific payees **except to comply with subdivision (8) of subsection 2 of this section**, but every individual warrant, voucher, receipt, court order and all other items, records, documents and other

information which are not specifically required to be retained by the officer having initial charge thereof [and which would be required to be included in or to construct a financial statement in the form prescribed for other counties by section 50.800] shall be filed on or before the date of publication of the financial statement prescribed by subsection 1 **of this section** in the office of the county clerk[, and]. The county clerk **or other officer responsible for the preparation of the financial statement** shall preserve the same, **shall provide an electronic copy of the data used to create the financial statement without charge to any newspaper requesting a copy of such data**, and shall cause the same to be available for inspection during normal business hours on the request of any person, for a period of five years following the date of filing in his **or her** office, after which five-year period these records may be disposed of according to law unless they are the subject of a legal suit pending at the expiration of that period.

4. At the end of the financial statement, each commissioner of the county commission and the county clerk shall sign and append the following certificate:

We, _____, _____, and _____, duly elected commissioners of the county commission of _____ County, Missouri, and I, _____, county clerk of that county, certify that the above and foregoing is a complete and correct statement of every item of information required in section 50.815 for the year ending December 31, [19] **20**_____, and we have checked every receipt from every source and every disbursement of every kind and to whom and for what each disbursement was made, and each receipt and disbursement is accurately included in the above and foregoing totals. (If for any reason complete and accurate information is not given the following shall be added to the certificate.) Exceptions: the above report is incomplete because proper information was not available in the following records _____ which are in the keeping of the following officer or officers _____.

Date _____

Commissioners, County Commission

County Clerk

5. Any person falsely certifying to any fact covered by the certificate is liable on his **or her** bond and is guilty of a misdemeanor and, on conviction thereof, shall be punished by a fine of not less than two hundred dollars or more than one thousand dollars, or by confinement in the county jail for a period of not less than thirty days nor more than six months, or by both such fine and confinement. Any person charged with preparing the financial report who willfully or knowingly makes a false report of any record is, in addition to the penalties otherwise provided for in this section, guilty of a felony, and upon conviction thereof shall be sentenced to imprisonment by the division of corrections for a term of not less than two years nor more than five years.

[6. The provisions of sections 50.800 and 50.810 do not apply to counties of the first class not having a charter form of government, except as provided in subsection 3 of this section.]

[50.820. 1. The statement required by section 50.815 shall be set in the standard column width measure which will take the least space and the publisher shall file two proofs of publication with the county commission and the commission shall forward one proof to the state auditor and shall file the other in the office of the commission. As required under section 493.025, a newspaper publishing the statement shall charge and receive no more than its regular local classified advertising rate, which shall be the rate on the newspaper's rate schedule that was offered to the public thirty days before the publication of the statement. The county commission shall pay the publisher upon the filing of proof of publication with the commission. After verification, the state auditor shall notify the commission that proof of publication has been received and that it complies with the requirements of this section.

2. The statement shall be spread on the record of the commission and for this purpose the publisher shall be required to furnish the commission with at least two copies of the statement which may be placed in the record.

3. The state auditor shall notify the county treasurer immediately of the receipt of the proof of publication of the statement. After the first day of July of each year the county treasurer shall not pay or enter for protest any warrant for the pay of any of the county commission until notice is received from the state auditor that the required proof of publication has been filed.

4. The state auditor shall prepare sample forms for financial statements required by section 50.815 and shall provide the same to the county clerk of each county of the first, second, third, or fourth classification in this state, but failure of the auditor to supply such forms shall not in any way excuse any person from the performance of any duty imposed by this section or by section 50.815. If any county officer fails, neglects, or refuses to comply with the provisions of this section or section 50.815, the county officer shall, in addition to other penalties provided by law, be liable on his or her official bond for dereliction of duty.]

50.820. 1. The statement required by section 50.815 shall be set in the standard column width measure which will take the least space and the publisher shall file two proofs of publication with the county commission and the commission shall forward one proof to the state auditor and shall file the other in the office of the commission. **As required under section 493.025, a newspaper publishing the statement shall charge and receive no more than its regular local classified advertising rate, which shall be the rate on the newspaper's rate schedule that was offered to the public thirty days before the publication of the statement.** The county commission shall [not] pay the publisher [until] **upon the filing of proof of publication [is filed] with the commission [and]. After verification,** the state auditor [notifies]

shall notify the commission that proof of publication has been received and that it complies with the requirements of this section.

2. The statement shall be spread on the record of the commission and for this purpose the publisher shall be required to furnish the commission with at least two copies of the statement which may be [pasted on] **placed in** the record.

3. The state auditor shall notify the county treasurer immediately of the receipt of the proof of publication of the statement. After the first day of [April] **July** of each year the county treasurer shall not pay or enter for protest any warrant for the pay of any of the county commission until notice is received from the state auditor that the required proof of publication has been filed. [Any county treasurer paying or entering for protest any warrant for any commissioner of the county commission prior to the receipt of such notice from the state auditor shall be liable therefor on his official bond.]

4. The state auditor shall prepare sample forms for financial statements required by section 50.815 and shall [mail] **provide** the same to the county clerk of each county of the first [class not having a charter form of government], **second, third, or fourth classification** in this state, but failure of the auditor to supply such forms shall not in any way excuse any person from the performance of any duty imposed by this section or by section 50.815. If any county officer fails, neglects, or refuses to comply with the provisions of this section or section 50.815 [he], **the county officer** shall, in addition to other penalties provided by law, be liable on his **or her** official bond for dereliction of duty.”; and

Further amend said bill, Page 11, Section 67.2840, Line 9, by inserting after all of said section and line the following:

“[105.145. 1. The following definitions shall be applied to the terms used in this section:

(1) “Governing body”, the board, body, or persons in which the powers of a political subdivision as a body corporate, or otherwise, are vested;

(2) “Political subdivision”, any agency or unit of this state, except counties and school districts, which now is, or hereafter shall be, authorized to levy taxes or empowered to cause taxes to be levied.

2. The governing body of each political subdivision in the state shall cause to be prepared an annual report of the financial transactions of the political subdivision in such summary form as the state auditor shall prescribe by rule, except that the annual report of political subdivisions whose cash receipts for the reporting period are ten thousand dollars or less shall only be required to contain the cash balance at the beginning of the reporting period, a summary of cash receipts, a summary of cash disbursements and the cash balance at the end of the reporting period.

3. Within such time following the end of the fiscal year as the state auditor shall prescribe by rule, the governing body of each political subdivision shall cause a copy of the annual financial report to be remitted to the state auditor.

4. The state auditor shall immediately on receipt of each financial report acknowledge the receipt of the report.

5. In any fiscal year no member of the governing body of any political subdivision of the state shall receive any compensation or payment of expenses after the end of the time within which the financial

statement of the political subdivision is required to be filed with the state auditor and until such time as the notice from the state auditor of the filing of the annual financial report for the fiscal year has been received.

6. The state auditor shall prepare sample forms for financial reports and shall mail the same to the political subdivisions of the state. Failure of the auditor to supply such forms shall not in any way excuse any person from the performance of any duty imposed by this section.

7. All reports or financial statements hereinabove mentioned shall be considered to be public records.

8. The provisions of this section apply to the board of directors of every transportation development district organized under sections 238.200 to 238.275.

9. Any political subdivision that fails to timely submit a copy of the annual financial statement to the state auditor shall be subject to a fine of five hundred dollars per day.

10. The state auditor shall report any violation of subsection 9 of this section to the department of revenue. Upon notification from the state auditor's office that a political subdivision failed to timely submit a copy of the annual financial statement, the department of revenue shall notify such political subdivision by certified mail that the statement has not been received. Such notice shall clearly set forth the following:

(1) The name of the political subdivision;

(2) That the political subdivision shall be subject to a fine of five hundred dollars per day if the political subdivision does not submit a copy of the annual financial statement to the state auditor's office within thirty days from the postmarked date stamped on the certified mail envelope;

(3) That the fine will be enforced and collected as provided under subsection 11 of this section; and

(4) That the fine will begin accruing on the thirty-first day from the postmarked date stamped on the certified mail envelope and will continue to accrue until the state auditor's office receives a copy of the financial statement.

In the event a copy of the annual financial statement is received within such thirty-day period, no fine shall accrue or be imposed. The state auditor shall report receipt of the financial statement to the department of revenue within ten business days. Failure of the political subdivision to submit the required annual financial statement within such thirty-day period shall cause the fine to be collected as provided under subsection 11 of this section.

11. The department of revenue may collect the fine authorized under the provisions of subsection 9 of this section by offsetting any sales or use tax distributions due to the political subdivision. The director of revenue shall retain two percent for the cost of such collection. The remaining revenues collected from such violations shall be distributed annually to the schools of the county in the same manner that proceeds for all penalties, forfeitures, and fines collected for any breach of the penal laws of the state are distributed.

12. Any political subdivision that has gross revenues of less than five thousand dollars or that has not levied or collected taxes in the fiscal year for which the annual financial statement was not timely filed shall not be subject to the fine authorized in this section.

13. If a failure to timely submit the annual financial statement is the result of fraud or other illegal conduct by an employee or officer of the political subdivision, the political subdivision shall not be subject to a fine authorized under this section if the statement is filed within thirty days of the discovery of the fraud or illegal conduct. If a fine is assessed and paid prior to the filing of the statement, the department of revenue shall refund the fine upon notification from the political subdivision.

14. If a political subdivision has an outstanding balance for fines or penalties at the time it files its first annual financial statement after January 1, 2023, the director of revenue shall make a one-time downward adjustment to such outstanding balance in an amount that reduces the outstanding balance by no less than ninety percent.

15. The director of revenue shall have the authority to make a one-time downward adjustment to any outstanding penalty imposed under this section on a political subdivision if the director determines the fine is uncollectable. The director of revenue may prescribe rules and regulations necessary to carry out the provisions of this subsection. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2022, shall be invalid and void.]

105.145. 1. The following definitions shall be applied to the terms used in this section:

(1) “Governing body”, the board, body, or persons in which the powers of a political subdivision as a body corporate, or otherwise, are vested;

(2) “Political subdivision”, any agency or unit of this state, except counties and school districts, which now is, or hereafter shall be, authorized to levy taxes or empowered to cause taxes to be levied.

2. The governing body of each political subdivision in the state shall cause to be prepared an annual report of the financial transactions of the political subdivision in such summary form as the state auditor shall prescribe by rule, except that the annual report of political subdivisions whose cash receipts for the reporting period are ten thousand dollars or less shall only be required to contain the cash balance at the beginning of the reporting period, a summary of cash receipts, a summary of cash disbursements and the cash balance at the end of the reporting period.

3. Within such time following the end of the fiscal year as the state auditor shall prescribe by rule, the governing body of each political subdivision shall cause a copy of the annual financial report to be remitted to the state auditor.

4. The state auditor shall immediately on receipt of each financial report acknowledge the receipt of the report.

5. In any fiscal year no member of the governing body of any political subdivision of the state shall receive any compensation or payment of expenses after the end of the time within which the financial statement of the political subdivision is required to be filed with the state auditor and until such time as

the notice from the state auditor of the filing of the annual financial report for the fiscal year has been received.

6. The state auditor shall prepare sample forms for financial reports and shall mail the same to the political subdivisions of the state. Failure of the auditor to supply such forms shall not in any way excuse any person from the performance of any duty imposed by this section.

7. All reports or financial statements hereinabove mentioned shall be considered to be public records.

8. The provisions of this section apply to the board of directors of every transportation development district organized under sections 238.200 to 238.275.

9. Any political subdivision that fails to timely submit a copy of the annual financial statement to the state auditor shall be subject to a fine of five hundred dollars per day.

10. The state auditor shall report any violation of subsection 9 of this section to the department of revenue. Upon notification from the state auditor's office that a political subdivision failed to timely submit a copy of the annual financial statement, the department of revenue shall notify such political subdivision by certified mail that the statement has not been received. Such notice shall clearly set forth the following:

(1) The name of the political subdivision;

(2) That the political subdivision shall be subject to a fine of five hundred dollars per day if the political subdivision does not submit a copy of the annual financial statement to the state auditor's office within thirty days from the postmarked date stamped on the certified mail envelope;

(3) That the fine will be enforced and collected as provided under subsection 11 of this section; and

(4) That the fine will begin accruing on the thirty-first day from the postmarked date stamped on the certified mail envelope and will continue to accrue until the state auditor's office receives a copy of the financial statement.

In the event a copy of the annual financial statement is received within such thirty-day period, no fine shall accrue or be imposed. The state auditor shall report receipt of the financial statement to the department of revenue within ten business days. Failure of the political subdivision to submit the required annual financial statement within such thirty-day period shall cause the fine to be collected as provided under subsection 11 of this section.

11. The department of revenue may collect the fine authorized under the provisions of subsection 9 of this section by offsetting any sales or use tax distributions due to the political subdivision. The director of revenue shall retain two percent for the cost of such collection. The remaining revenues collected from such violations shall be distributed annually to the schools of the county in the same manner that proceeds for all penalties, forfeitures, and fines collected for any breach of the penal laws of the state are distributed.

12. Any [transportation development district organized under sections 238.200 to 238.275 having] **political subdivision that has gross revenues of less than five thousand dollars or that has not levied or collected sales or use taxes** in the fiscal year for which the annual financial statement was not timely filed shall not be subject to the fine authorized in this section.

13. If a failure to timely submit the annual financial statement is the result of fraud or other illegal conduct by an employee or officer of the political subdivision, the political subdivision shall not be subject to a fine authorized under this section if the statement is filed within thirty days of the discovery of the fraud or illegal conduct. If a fine is assessed and paid prior to the filing of the statement, the department of revenue shall refund the fine upon notification from the political subdivision.

14. If a political subdivision has an outstanding balance for fines or penalties at the time it files its first annual financial statement after August 28, 2024, the director of revenue shall make a one-time downward adjustment to such outstanding balance in an amount that reduces the outstanding balance by no less than ninety percent.

15. The director of revenue shall have the authority to make a one-time downward adjustment to any outstanding penalty imposed under this section on a political subdivision if the director determines the fine is uncollectable. The director of revenue may prescribe rules and regulations necessary to carry out the provisions of this subsection. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2024, shall be invalid and void.”; and

Further amend said bill, Page 157, Section 469.487, Line 23, by inserting after all of said section and line the following:

“[50.800. 1. On or before the first Monday in March of each year, the county commission of each county of the second, third, or fourth class shall prepare and publish in some newspaper as provided for in section 493.050, if there is one, and if not by notices posted in at least ten places in the county, a detailed financial statement of the county for the year ending December thirty-first, preceding.

2. The statement shall show the bonded debt of the county, if any, kind of bonds, date of maturity, interest rate, rate of taxation levied for interest and sinking fund and authority for the levy, the total amount of interest and sinking fund that has been collected and interest and sinking fund on hand in cash.

3. The statement shall also show separately the total amount of the county and township school funds on hand and loaned out, the amount of penalties, fines, levies, utilities, forfeitures, and any other taxes collected and disbursed or expended during the year and turned into the permanent school fund, the name of each person who has a loan from the permanent school fund, whether county or township, the amount of the loan, date loan was made and date of maturity, description of the security for the loan, amount, if any, of delinquent interest on each loan.

4. The statement shall show the total valuation of the county for purposes of taxation, the highest rate of taxation the constitution permits the county commission to levy for purposes of county revenue, the rate levied by the county commission for the year covered by the statement, division of the rate levied among the several funds and total amount of delinquent taxes for all years as of December thirty-first.

5. The statement shall show receipts or revenues into each and every fund separately. Each fund shall show the beginning balance of each fund; each source of revenue; the total amount received from each source of revenue; the total amount available in each fund; the total amount of disbursements or expenditures from each fund and the ending balance of each fund as of December thirty-first. The total receipts or revenues for the year into all funds shall be shown in the recapitulation. In counties with the township form of government, each township shall be considered a fund pursuant to this subsection.

6. Total disbursements or expenditures shall be shown for warrants issued in each category contained in the forms developed or approved by the state auditor pursuant to section 50.745. Total amount of warrants, person or vendor to whom issued and purpose for which issued shall be shown except as herein provided. Under a separate heading in each fund the statements shall show what warrants are outstanding and unpaid for the lack of funds on that date with appropriate balance or overdraft in each fund as the case may be.

7. Warrants issued to pay for the service of election judges and clerks of elections shall be in the following form:

Names of judges and clerks of elections at \$_____ per day (listing the names run in and not listing each name by lines, and at the end of the list of names giving the total of the amount of all the warrants issued for such election services).

8. Warrants issued to pay for the service of jurors shall be in the following form:

Names of jurors at \$_____ per day (listing the names run in and not listing each name by lines, and at the end of the list of names giving the total of the amount of all the warrants issued for such election service).

9. Warrants to Internal Revenue Service for Social Security and withholding taxes shall be brought into one call.

10. Warrants to the director of revenue of Missouri for withholding taxes shall be brought into one call.

11. Warrants to the division of employment security shall be brought into one call.

12. Warrants to Missouri local government employees' retirement system or other retirement funds for each office shall be brought into one call.

13. Warrants for utilities such as gas, water, lights and power shall be brought into one call except that the total shall be shown for each vendor.

14. Warrants issued to each telephone company shall be brought into one call for each office in the following form:

(Name of Telephone Company for _____ office and total amount of warrants issued).

15. Warrants issued to the postmaster for postage shall be brought into one call for each office in the following form:

(Postmaster for _____ office and total amount of warrants issued).

16. Disbursements or expenditures by road districts shall show the warrants, if warrants have been issued in the same manner as provided for in subsection 5 of this section. If money has been disbursed or expended by overseers the financial statement shall show the total paid by the overseer to each person for the year, and the purpose of each payment. Receipts or revenues into the county distributive school fund shall be listed in detail, disbursements or expenditures shall be listed and the amount of each disbursement or expenditure. If any taxes have been levied by virtue of Section 12(a) of Article X of the Constitution of Missouri the financial statement shall contain the following:

By virtue and authority of the discretionary power conferred upon the county commissions of the several counties of this state to levy a tax of not to exceed 35 cents on the \$100 assessed valuation the county commission of _____ County did for the year covered by this report levy a tax rate of _____ cents on the \$100 assessed valuation which said tax amounted to \$ _____ and was disbursed or expended as follows:

The statement shall show how the money was disbursed or expended and if any part of the sum has not been accounted for in detail under some previous appropriate heading the portion not previously accounted for shall be shown in detail.

17. At the end of the statement the person designated by the county commission to prepare the financial statement herein required shall append the following certificate:

I, _____, the duly authorized agent appointed by the county commission of _____ County, state of Missouri, to prepare for publication the financial statement as required by section 50.800, RSMo, hereby certify that I have diligently checked the records of the county and that the above and foregoing is a complete and correct statement of every item of information required in section 50.800, RSMo, for the year ending December 31, _____, and especially have I checked every receipt from every source whatsoever and every disbursement or expenditure of every kind and to whom and for what each such disbursement or expenditure was made and that each receipt or revenue and disbursement or expenditure is accurately shown. (If for any reason complete and accurate information is not given the following shall be added to the certificate.) Exceptions: The above report is incomplete because proper information was not available in the following records _____ which are in the keeping of the following officer or officers. The person designated to prepare the financial statement shall give in detail any incomplete data called for by this section.

Date _____

Officer designated by county commission to prepare financial statement required by section 50.800, RSMo.

Or if no one has been designated said statement having been prepared by the county clerk, signature shall be in the following form:

Clerk of the county commission and ex officio officer designated to prepare financial statement required by section 50.800, RSMo.

18. Any person falsely certifying to any fact covered by the certificate is liable on his bond and upon conviction of falsely certifying to any fact covered by the certificate is guilty of a misdemeanor and punishable by a fine of not less than two hundred dollars or more than one thousand dollars or by imprisonment in the county jail for not less than thirty days nor more than six months or by both fine and imprisonment. Any person charged with the responsibility of preparing the financial report who willfully or knowingly makes a false report of any record, is, in addition to the penalty otherwise provided for in this law, deemed guilty of a felony and upon conviction shall be sentenced to the penitentiary for not less than two years nor more than five years.]

[50.810. 1. The statement shall be printed in not less than 8-point type, but not more than the smallest point type over 8-point type available and in the standard column width measure that will take the least space. The publisher shall file two proofs of publication with the county commission and the commission shall forward one proof to the state auditor and shall file the other in the office of the commission. The county commission shall not pay the publisher until proof of publication is filed with the commission and shall not pay the person designated to prepare the statement for the preparation of the copy for the statement until the state auditor notifies the commission that proof of publication has been received and that it complies with the requirements of this section.

2. The statement shall be spread on the record of the commission and for this purpose the publisher shall be required to furnish the commission with at least two copies of the statement that may be pasted on the record. The publisher shall itemize the cost of publishing said statement by column inch as properly chargeable to the several funds and shall submit such costs for payment to the county commission. The county commission shall pay out of each fund in the proportion that each item bears to the total cost of publishing said statement and shall issue warrants therefor; provided any part not properly chargeable to any specific fund shall be paid from the county general revenue fund.

3. The state auditor shall notify the county treasurer immediately of the receipt of the proof of publication of the statement. After the first of April of each year the county treasurer shall not pay or enter for protest any warrant for the pay of any commissioner of any county commission until notice is received from the state auditor that the required proof of publication has been filed. Any county treasurer paying or entering for protest any warrant for any commissioner of the county commission prior to the receipt of such notice from the state auditor shall be liable on his official bond therefor.

4. The state auditor shall prepare sample forms for financial statements and shall mail the same to the county clerks of the several counties in this state. If the county commission employs any person other than a bonded county officer to prepare the financial statement the county commission shall require such person to give bond with good and sufficient sureties in the penal sum of one thousand dollars for the faithful performance of his duty. If any county officer or other person employed to prepare the financial statement herein provided for shall fail, neglect, or refuse to, in any manner, comply with the provisions of this law he shall, in addition to other penalties herein provided, be liable on his official bond for dereliction of duty.]"; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 3

Amend House Committee Substitute No. 2 for Senate Substitute for Senate Committee Substitute for Senate Bill No. 835, Page 3, Section 30.267, Line 21, by inserting after said section and line the following:

“34.700. 1. A public entity shall not:

(1) Accept a payment using central bank digital currency; or

(2) Participate in any test of central bank digital currency by any Federal Reserve branch.

2. For purposes of this section, the following terms mean:

(1) “Central bank digital currency”, has the same meaning as in section 400.1-201;

(2) “Public entity”, the state of Missouri or any political subdivision thereof, including all boards, commissions, agencies, institutions, authorities, and bodies politic and corporate of the state created by or in accordance with state law or regulations.”; and

Further amend said bill, Page 100, Section 381.410, Line 36, by inserting after said section and line the following:

“400.1-201. (a) Unless the context otherwise requires, words or phrases defined in this section, or in the additional definitions contained in other articles of this chapter that apply to particular articles or parts thereof, have the meanings stated.

(b) Subject to definitions contained in other articles of this chapter that apply to particular articles or parts thereof:

(1) “Action”, in the sense of a judicial proceeding, includes recoupment, counterclaim, set-off, suit in equity, and any other proceeding in which rights are determined.

(2) “Aggrieved party” means a party entitled to pursue a remedy.

(3) “Agreement”, as distinguished from “contract”, means the bargain of the parties in fact, as found in their language or inferred from other circumstances, including course of performance, course of dealing, or usage of trade as provided in section 400.1-303.

(4) “Bank” means a person engaged in the business of banking and includes a savings bank, savings and loan association, credit union, and trust company.

(5) “Bearer” means a person in possession of a negotiable instrument, document of title, or certificated security that is payable to bearer or indorsed in blank.

(6) “Bill of lading” means a document evidencing the receipt of goods for shipment issued by a person engaged in the business of transporting or forwarding goods.

(7) “Branch” includes a separately incorporated foreign branch of a bank.

(8) “Burden of establishing” a fact means the burden of persuading the trier of fact that the existence of the fact is more probable than its nonexistence.

(9) “Buyer in ordinary course of business” means a person that buys goods in good faith, without knowledge that the sale violates the rights of another person in the goods, and in the ordinary course from a person, other than a pawnbroker, in the business of selling goods of that kind. A person buys goods in the ordinary course if the sale to the person comports with the usual or customary practices in the kind of business in which the seller is engaged or with the seller's own usual or customary practices. A person that sells oil, gas, or other minerals at the wellhead or minehead is a person in the business of selling goods of that kind. A buyer in ordinary course of business may buy for cash, by exchange of other property, or on secured or unsecured credit, and may acquire goods or documents of title under a preexisting contract for sale. Only a buyer that takes possession of the goods or has a right to recover the goods from the seller under article 2 may be a buyer in ordinary course of business. “Buyer in ordinary course of business” does not include a person that acquires goods in a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(9A) “Central bank digital currency” means a digital currency, a digital medium of exchange, or a digital monetary unit of account issued by the United States Federal Reserve System, a federal agency, a foreign government, a foreign central bank, or a foreign reserve system, that is made directly available to a consumer by such entities. The term includes a digital currency, a digital medium of exchange, or a digital monetary unit of account issued by the United States Federal Reserve System, a federal agency, a foreign government, a foreign central bank, or a foreign reserve system, that is processed or validated directly by such entities.

(10) “Conspicuous”, with reference to a term, means so written, displayed, or presented that, **based on the totality of the circumstances**, a reasonable person against which it is to operate ought to have noticed it. Whether a term is “conspicuous” or not is a decision for the court. [Conspicuous terms include the following:

(A) a heading in capitals equal to or greater in size than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same or lesser size; and

(B) language in the body of a record or display in larger type than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same size, or set off from surrounding text of the same size by symbols or other marks that call attention to the language.]

(11) “Consumer” means an individual who enters into a transaction primarily for personal, family, or household purposes.

(12) “Contract”, as distinguished from “agreement”, means the total legal obligation that results from the parties' agreement as determined by this chapter as supplemented by any other applicable laws.

(13) “Creditor” includes a general creditor, a secured creditor, a lien creditor, and any representative of creditors, including an assignee for the benefit of creditors, a trustee in bankruptcy, a receiver in equity, and an executor or administrator of an insolvent debtor's or assignor's estate.

(14) “Defendant” includes a person in the position of defendant in a counterclaim, cross-claim, or third-party claim.

(15) “Delivery”, with respect to an **electronic document of title, means voluntary transfer of control and, with respect to an instrument, a tangible document of title, or an authoritative tangible copy of a record evidencing** chattel paper, means voluntary transfer of possession.

(16) “Document of title” includes bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of goods, and also any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold, and dispose of the document and the goods it covers. To be a document of title, a document shall purport to be issued by or addressed to a bailee and purport to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass.

(16A) “Electronic” means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

(17) “Fault” means a default, breach, or wrongful act or omission.

(18) “Fungible goods” means:

(A) goods of which any unit, by nature or usage of trade, is the equivalent of any other like unit; or

(B) goods that by agreement are treated as equivalent.

(19) “Genuine” means free of forgery or counterfeiting.

(20) “Good faith”, except as otherwise provided in article 5, means honesty in fact and the observance of reasonable commercial standards of fair dealing.

(21) “Holder” means:

(A) the person in possession of a negotiable instrument that is payable either to bearer or to an identified person that is the person in possession; [or]

(B) the person in possession of a document of title if the goods are deliverable either to bearer or to the order of the person in possession; **or**

(C) the person in control, other than pursuant to Section 400.7-106(g), of a negotiable electronic document of title.

(22) “Insolvency proceeding” includes an assignment for the benefit of creditors or other proceeding intended to liquidate or rehabilitate the estate of the person involved.

(23) “Insolvent” means:

(A) having generally ceased to pay debts in the ordinary course of business other than as a result of bona fide dispute;

(B) being unable to pay debts as they become due; or

(C) being insolvent within the meaning of federal bankruptcy law.

(24) “Money” means a medium of exchange **that is** currently authorized or adopted by a domestic or foreign government. The term includes a monetary unit of account established by an intergovernmental

organization or by agreement between two or more countries. **The term does not include an electronic record that is a medium of exchange recorded and transferable in a system that existed and operated for the medium of exchange before the medium of exchange was authorized or adopted by the government. The term does not include a central bank digital currency.**

(25) “Organization” means a person other than an individual.

(26) “Party”, as distinguished from “third party”, means a person that has engaged in a transaction or made an agreement subject to this chapter.

(27) “Person” means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government, governmental subdivision, agency, or instrumentality, [public corporation,] or any other legal or commercial entity. **The term includes a protected series, however denominated, of an entity if the protected series is established under law other than under this chapter that limits, or limits if conditions specified under the law are satisfied, the ability of a creditor of the entity or of any other protected series of the entity to satisfy a claim from assets of the protected series.**

(28) “Present value” means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain by use of either an interest rate specified by the parties if that rate is not manifestly unreasonable at the time the transaction is entered into or, if an interest rate is not so specified, a commercially reasonable rate that takes into account the facts and circumstances at the time the transaction is entered into.

(29) “Purchase” means taking by sale, lease, discount, negotiation, mortgage, pledge, lien, security interest, issue or reissue, gift, or any other voluntary transaction creating an interest in property.

(30) “Purchaser” means a person that takes by purchase.

(31) “Record” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(32) “Remedy” means any remedial right to which an aggrieved party is entitled with or without resort to a tribunal.

(33) “Representative” means a person empowered to act for another, including an agent, an officer of a corporation or association, and a trustee, executor, or administrator of an estate.

(34) “Right” includes remedy.

(35) “Security interest” means an interest in personal property or fixtures which secures payment or performance of an obligation. “Security interest” includes any interest of a consignor and a buyer of accounts, chattel paper, a payment intangible, or a promissory note in a transaction that is subject to article 9. “Security interest” does not include the special property interest of a buyer of goods on identification of those goods to a contract for sale under section 400.2-401, but a buyer may also acquire a “security interest” by complying with article 9. Except as otherwise provided in section 400.2-505, the right of a seller or lessor of goods under article 2 or 2A to retain or acquire possession of the goods is not a “security interest”, but a seller or lessor may also acquire a “security interest” by complying with article 9. The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer

under section 400.2-401 is limited in effect to a reservation of a “security interest”. Whether a transaction in the form of a lease creates a “security interest” is determined pursuant to section 400.1-203.

(36) “Send”, in connection with a [writing,] record[,] or [notice] **notification**, means:

(A) to deposit in the mail [or], deliver for transmission, **or transmit** by any other usual means of communication, with postage or cost of transmission provided for [and properly addressed and, in the case of an instrument, to an address specified thereon or otherwise agreed, or if there be none], **addressed** to any address reasonable under the circumstances; or

(B) [in any other way to cause to be received any record or notice within the time it would have arrived if properly sent] **to cause the record or notification to be received within the time it would have been received if properly sent under subparagraph (A).**

(37) [“Signed” includes using any symbol executed or adopted with present intention to adopt or accept a writing] **“Sign” means with present intent to authenticate or adopt a record:**

(A) execute or adopt a tangible symbol; or

(B) attach to or logically associate with the record an electronic symbol, sound, or process.

“Signed”, “signing”, and “signature” have corresponding meanings.

(38) “State” means a State of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(39) “Surety” includes a guarantor or other secondary obligor.

(40) “Term” means a portion of an agreement that relates to a particular matter.

(41) “Unauthorized signature” means a signature made without actual, implied, or apparent authority. The term includes a forgery.

(42) “Warehouse receipt” means a receipt issued by a person engaged in the business of storing goods for hire.

(43) “Writing” includes printing, typewriting, or any other intentional reduction to tangible form. “Written” has a corresponding meaning.

400.1-204. Except as otherwise provided in articles 3, 4, [and] 5, **and 12**, a person gives value for rights if the person acquires them:

(1) in return for a binding commitment to extend credit or for the extension of immediately available credit, whether or not drawn upon and whether or not a charge-back is provided for in the event of difficulties in collection;

(2) as security for, or in total or partial satisfaction of, a preexisting claim;

(3) by accepting delivery under a preexisting contract for purchase; or

(4) in return for any consideration sufficient to support a simple contract.

400.1-301. (a) Except as otherwise provided in this section, when a transaction bears a reasonable relation to this state and also to another state or nation the parties may agree that the law either of this state or of such other state or nation shall govern their rights and duties.

(b) In the absence of an agreement effective under subsection (a), and except as provided in subsection (c), this chapter applies to transactions bearing an appropriate relation to this state.

(c) If one of the following provisions of this chapter specifies the applicable law, that provision governs and a contrary agreement is effective only to the extent permitted by the law so specified:

- (1) section 400.2-402;
- (2) sections 400.2A-105 and 400.2A-106;
- (3) section 400.4-102;
- (4) section 400.4A-507;
- (5) section 400.5-116;
- (6) section 400.8-110;
- (7) sections 400.9-301 through 400.9-307;
- (8) section 400.12-107.**

400.1-306. A claim or right arising out of an alleged breach may be discharged in whole or in part without consideration by agreement of the aggrieved party in [an authenticated] **a signed** record.

400.2-102. **(1) Unless the context otherwise requires, [this article applies to transactions in goods; it does not apply to any transaction which although in the form of an unconditional contract to sell or present sale is intended to operate only as a security transaction nor does this article impair or repeal any statute regulating sales to consumers, farmers or other specified classes of buyers] and except as provided in subsection (3), this Article applies to transactions in goods and, in the case of a hybrid transaction, it applies to the extent provided in subsection (2).**

(2) In a hybrid transaction:

(a) If the sale-of-goods aspects do not predominate, only the provisions of this Article which relate primarily to the sale-of-goods aspects of the transaction apply, and the provisions that relate primarily to the transaction as a whole do not apply.

(b) If the sale-of-goods aspects predominate, this Article applies to the transaction but does not preclude application in appropriate circumstances of other law to aspects of the transaction which do not relate to the sale of goods.

(3) This Article does not:

(a) Apply to a transaction that, even though in the form of an unconditional contract to sell or present sale, operates only to create a security interest; or

(b) Impair or repeal a statute regulating sales to consumers, farmers, or other specified classes of buyers.

400.2-106. (1) In this article unless the context otherwise requires “contract” and “agreement” are limited to those relating to the present or future sale of goods. “Contract for sale” includes both a present sale of goods and a contract to sell goods at a future time. A “sale” consists in the passing of title from the seller to the buyer for a price (section 400.2-401). A “present” means a sale which is accomplished by the making of the contract.

(2) Goods or conduct including any part of a performance are “conforming” or conform to the contract when they are in accordance with the obligations under the contract.

(3) “Termination” occurs when either party pursuant to a power created by agreement or law puts an end to the contract otherwise than for its breach. On “termination” all obligations which are still executory on both sides are discharged but any right based on prior breach or performance survives.

(4) “Cancellation” occurs when either party puts an end to the contract for breach by the other and its effect is the same as that of “termination” except that the cancelling party also retains any remedy for breach of the whole contract or any unperformed balance.

(5) “Hybrid transaction” means a single transaction involving a sale of goods and:

(a) the provision of services;

(b) a lease of other goods; or

(c) a sale, lease, or license of property other than goods.

400.2-201. (1) Except as otherwise provided in this section a contract for the sale of goods for the price of five hundred dollars or more is not enforceable by way of action or defense unless there is [some writing] **a record** sufficient to indicate that a contract for sale has been made between the parties and signed by the party against whom enforcement is sought or by [his] **the party's** authorized agent or broker. A [writing] **record** is not insufficient because it omits or incorrectly states a term agreed upon but the contract is not enforceable under this [paragraph] **subsection** beyond the quantity of goods shown in [such writing] **the record**.

(2) Between merchants if within a reasonable time a [writing] **record** in confirmation of the contract and sufficient against the sender is received and the party receiving it has reason to know its contents, it satisfies the requirements of subsection (1) against [such] **the party** unless [written] notice **in a record** of objection to its contents is given within ten days after it is received.

(3) A contract which does not satisfy the requirements of subsection (1) but which is valid in other respects is enforceable

(a) if the goods are to be specially manufactured for the buyer and are not suitable for sale to others in the ordinary course of the seller's business and the seller, before notice of repudiation is received and under circumstances which reasonably indicate that the goods are for the buyer, has made either a substantial beginning of their manufacture or commitments for their procurement; or

(b) if the party against whom enforcement is sought admits in his pleading, testimony or otherwise in court that a contract for sale was made but the contract is not enforceable under this provision beyond the quantity of goods admitted; or

(c) with respect to goods for which payment has been made and accepted or which have been received and accepted (section 400.2-606).

400.2-202. Terms with respect to which the confirmatory memoranda of the parties agree or which are otherwise set forth in a [writing] **record** intended by the parties as a final expression of their agreement with respect to such terms as are included therein may not be contradicted by evidence of any prior agreement or of a contemporaneous oral agreement but may be explained or supplemented

(a) by course of dealing or usage of trade (section 400.1-205) or by course of performance (section 400.2-208); and

(b) by evidence of consistent additional terms unless the court finds the [writing] **record** to have been intended also as a complete and exclusive statement of the terms of the agreement.

400.2-203. The affixing of a seal to a [writing] **record** evidencing a contract for sale or an offer to buy or sell goods does not constitute the [writing] **record** a sealed instrument and the law with respect to sealed instruments does not apply to such a contract or offer.

400.2-205. An offer by a merchant to buy or sell goods in a signed [writing] **record** which by its terms gives assurance that it will be held open is not revocable, for lack of consideration, during the time stated or if no time is stated for a reasonable time, but in no event may such period of irrevocability exceed three months; but any such term of assurance on a form supplied by the offeree must be separately signed by the offeror.

400.2-209. (1) An agreement modifying a contract within this article needs no consideration to be binding.

(2) A signed agreement which excludes modification or rescission except by a signed writing **or other signed record** cannot be otherwise modified or rescinded, but except as between merchants such a requirement on a form supplied by the merchant must be separately signed by the other party.

(3) The requirements of the statute of frauds section of this article (section 400.2-201) must be satisfied if the contract as modified is within its provisions.

(4) Although an attempt at modification or rescission does not satisfy the requirements of subsection (2) or (3) it can operate as a waiver.

(5) A party who has made a waiver affecting an executory portion of the contract may retract the waiver by reasonable notification received by the other party that strict performance will be required of any term waived, unless the retraction would be unjust in view of a material change of position in reliance on the waiver.

400.2A-102 (1) This Article applies to any transaction, regardless of form, that creates a lease **and, in the case of a hybrid lease, it applies to the extent provided in subsection (2).**

(2) In a hybrid lease:

(a) If the lease-of-goods aspects do not predominate:

(i) Only the provisions of this Article which relate primarily to the lease-of-goods aspects of the transaction apply, and the provisions that relate primarily to the transaction as a whole do not apply;

(ii) Section 400.2A-209 applies if the lease is a finance lease; and

(iii) Section 400.2A-407 applies to the promises of the lessee in a finance lease to the extent the promises are consideration for the right to possession and use of the leased goods; and

(b) If the lease-of-goods aspects predominate, this Article applies to the transaction, but does not preclude application in appropriate circumstances of other law to aspects of the lease which do not relate to the lease of goods.

400.2A-103 (1) In this article unless the context otherwise requires:

(a) “Buyer in ordinary course of business” means a person who in good faith and without knowledge that the sale to him or her is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods buys in ordinary course from a person in the business of selling goods of that kind but does not include a pawnbroker. “Buying” may be for cash or by exchange of other property or on secured or unsecured credit and includes receiving goods or documents of title under a preexisting contract for sale but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(b) “Cancellation” occurs when either party puts an end to the lease contract for default by the other party.

(c) “Commercial unit” means such a unit of goods as by commercial usage is a single whole for purposes of lease and division of which materially impairs its character or value on the market or in use. A commercial unit may be a single article, as a machine, or a set of articles, as a suite of furniture or a line of machinery, or a quantity, as a gross or carload, or any other unit treated in use or in the relevant market as a single whole.

(d) “Conforming” goods or performance under a lease contract means goods or performance that are in accordance with the obligations under the lease contract.

(e) “Consumer lease” means a lease that a lessor regularly engaged in the business of leasing or selling makes to a lessee who is an individual and who takes under the lease primarily for a personal, family, or household purpose, if the total payments to be made under the lease contract, excluding payments for option to renew or buy, do not exceed fifty thousand dollars.

(f) “Fault” means wrongful act, omission, breach, or default.

(g) “Finance lease” means a lease with respect to which:

(i) the lessor does not select, manufacture, or supply the goods;

(ii) the lessor acquires the goods or the right to possession and use of the goods in connection with the lease; and

(iii) one of the following occurs:

(A) the lessee receives a copy of the contract by which the lessor acquired the goods or the right to possession and use of the goods before signing the lease contract;

(B) the lessee's approval of the contract by which the lessor acquired the goods or the right to possession and use of the goods is a condition to effectiveness of the lease contract;

(C) the lessor (aa) informs the lessee in writing of the identity of the supplier, unless the lessee has selected the supplier and directed the lessor to purchase the goods from the supplier, (bb) informs the lessee in writing that the lessee may have rights under the contract evidencing the lessor's purchase of the goods, and (cc) advised the lessee in writing to contact the supplier for a description of any such rights, or

(D) the lease contract discloses all warranties and other rights provided to the lessee by the lessor and supplier in connection with the lease contract and informs the lessee that there are no warranties or other rights provided to the lessee by the lessor and supplier other than those disclosed in the lease contract.

(h) "Goods" means all things that are movable at the time of identification to the lease contract, or are fixtures as defined in Section 400.2A-309, but the term does not include money, documents, instruments, accounts, chattel paper, general intangibles, or minerals or the like, including oil and gas, before extraction. The term also includes the unborn young of animals.

(h.1) "Hybrid lease" means a single transaction involving a lease of goods and:

(i) the provision of services;

(ii) a sale of other goods; or

(iii) a sale, lease, or license of property other than goods.

(i) "Installment lease contract" means a lease contract that authorizes or requires the delivery of goods in separate lots to be separately accepted, even though the lease contract contains a clause "each delivery is a separate lease" or its equivalent.

(j) "Lease" means a transfer of the right to possession and use of goods for a term in return for consideration, but a sale, including a sale on approval or a sale or return, or retention or creation of a security interest is not a lease. Unless the context clearly indicates otherwise, the term includes a sublease.

(k) "Lease agreement" means the bargain, with respect to the lease, of the lessor and the lessee in fact as found in their language or by implication from other circumstances including course of dealing or usage of trade or course of performance as provided in this Article. Unless the context clearly indicates otherwise, the term includes a sublease agreement.

(l) "Lease contract" means the total legal obligation that results from the lease agreement as affected by this Article and any other applicable rules of law. Unless the context clearly indicates otherwise, the term includes a sublease contract.

(m) "Leasehold interest" means the interest of the lessor or the lessee under a lease contract.

(n) "Lessee" means a person who acquires the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessee.

(o) “Lessee in ordinary course of business” means a person who in good faith and without knowledge that the lease to him or her is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods leases in ordinary course from a person in the business of selling or leasing goods of that kind but does not include a pawnbroker. “Leasing” may be for cash or by exchange of other property or on secured or unsecured credit and includes receiving goods or documents of title under a preexisting lease contract but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(p) “Lessor” means a person who transfers the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessor.

(q) “Lessor's residual interest” means the lessor's interest in the goods after expiration, termination, or cancellation of the lease contract.

(r) “Lien” means a charge against or interest in goods to secure payment of a debt or performance of an obligation, but the term does not include a security interest.

(s) “Lot” means a parcel or a single article that is the subject matter of a separate lease or delivery, whether or not it is sufficient to perform the lease contract.

(t) “Merchant lessee” means a lessee that is a merchant with respect to goods of the kind subject to the lease.

(u) “Present value” means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain. The discount is determined by the interest rate specified by the parties if the rate was not manifestly unreasonable at the time the transaction was entered into; otherwise, the discount is determined by a commercially reasonable rate that takes into account the facts and circumstances of each case at the time the transaction was entered into.

(v) “Purchase” includes taking by sale, lease, mortgage, security interest, pledge, gift, or any other voluntary transaction creating an interest in goods.

(w) “Sublease” means a lease of goods the right to possession and use of which was acquired by the lessor as a lessee under an existing lease.

(x) “Supplier” means a person from whom a lessor buys or leases goods to be leased under a finance lease.

(y) “Supply contract” means a contract under which a lessor buys or leases goods to be leased.

(z) “Termination” occurs when either party pursuant to a power created by agreement or law puts an end to the lease contract otherwise than for default.

(2) Other definitions applying to this article and the sections in which they appear are:

“Accessions”. Section 400.2A-310(1).

“Construction mortgage”. Section 400.2A-309(1)(d).

“Encumbrance”.	Section 400.2A-309(1)(e).
“Fixtures”.	Section 400.2A-309(1)(a).
“Fixture filing”.	Section 400.2A-309(1)(b).
“Purchase money lease”.	Section 400.2A-309(1)(c).

(3) The following definitions in other articles apply to this article:

“Account”.	Section 400.9-102(a)(2).
“Between merchants”.	Section 400.2-104(3).
“Buyer”.	Section 400.2-103(1)(a).
“Chattel paper”.	Section 400.9-102(a)(10).
“Consumer goods”.	Section 400.9-102(a)(22).
“Document”.	Section 400.9-102(a)(29).
“Entrusting”.	Section 400.2-403(3).
“General intangible”.	Section 400.9-102(a)(41).
“Good faith”.	Section 400.2-103(1)(b).
“Instrument”.	Section 400.9-102(a)(46).
“Merchant”.	Section 400.2-104(1).
“Mortgage”.	Section 400.9-102(a)(54).
“Pursuant to commitment”.	Section 400.9-102(a)(68).
“Receipt”.	Section 400.2-103(1)(c).
“Sale”.	Section 400.2-106(1).

“Sale on approval”.	Section 400.2-326.
“Sale or return”.	Section 400.2-326.
“Seller”.	Section 400.2-103(1)(d).

(4) In addition article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.

400.2A-107 Any claim or right arising out of an alleged default or breach of warranty may be discharged in whole or in part without consideration by a [written] waiver or renunciation **in a signed [and] record** delivered by the aggrieved party.

400.2A-201 (1) A lease contract is not enforceable by way of action or defense unless:

(a) the total payments to be made under the lease contract, excluding payments for options to renew or buy, are less than one thousand dollars; or

(b) there is a [writing] **record**, signed by the party against whom enforcement is sought or by that party's authorized agent, sufficient to indicate that a lease contract has been made between the parties and to describe the goods leased and the lease term.

(2) Any description of leased goods or of the lease term is sufficient and satisfies subsection (1)(b), whether or not it is specific, if it reasonably identifies what is described.

(3) A [writing] **record** is not insufficient because it omits or incorrectly states a term agreed upon, but the lease contract is not enforceable under subsection (1)(b) beyond the lease term and the quantity of goods shown in the [writing] **record**.

(4) A lease contract that does not satisfy the requirements of subsection (1), but which is valid in other respects, is enforceable:

(a) if the goods are to be specifically manufactured or obtained for the lessee and are not suitable for lease or sale to others in the ordinary course of the lessor's business, and the lessor, before notice of repudiation is received and under circumstances that reasonably indicate that the goods are for the lessee, has made either a substantial beginning of their manufacture or commitments for their procurement;

(b) if the party against whom enforcement is sought admits in that party's pleading, testimony or otherwise in court that a lease contract was made, but the lease contract is not enforceable under this provision beyond the quantity of goods admitted; or

(c) with respect to goods that have been received and accepted by the lessee.

(5) The lease term under a lease contract referred to in subsection (4) is:

(a) if there is a [writing] **record** signed by the party against whom enforcement is sought or by that party's authorized agent specifying the lease term, the term so specified;

(b) if the party against whom enforcement is sought admits in that party's pleading, testimony, or otherwise in court a lease term, the term so admitted; or

(c) a reasonable lease term.

400.2A-202 Terms with respect to which the confirmatory memoranda of the parties agree or which are otherwise set forth in a [writing] **record** intended by the parties as a final expression of their agreement with respect to such terms as are included therein may not be contradicted by evidence of any prior agreement or of a contemporaneous oral agreement but may be explained or supplemented:

(a) by course of dealing or usage of trade or by course of performance; and

(b) by evidence of consistent additional terms unless the court finds the [writing] **record** to have been intended also as a complete and exclusive statement of the terms of the agreement.

400.2A-203 The affixing of a seal to a [writing] **record** evidencing a lease contract or an offer to enter into a lease contract does not render the [writing] **record** a sealed instrument and the law with respect to sealed instruments does not apply to the lease contract or offer.

400.2A-205 An offer by a merchant to lease goods to or from another person in a signed [writing] **record** that by its terms gives assurance it will be held open is not revocable, for lack of consideration, during the time stated or, if no time is stated, for a reasonable time, but in no event may the period of irrevocability exceed three months. Any such term of assurance on a form supplied by the offeree must be separately signed by the offeror.

400.2A-208 (1) An agreement modifying a lease contract needs no consideration to be binding.

(2) A signed lease agreement that excludes modification or rescission except by a signed [writing] **record** may not be otherwise modified or rescinded, but, except as between merchants, such a requirement on a form supplied by a merchant must be separately signed by the other party.

(3) Although an attempt at modification or rescission does not satisfy the requirements of subsection (2), it may operate as a waiver.

(4) A party who has made a waiver affecting an executory portion of a lease contract may retract the waiver by reasonable notification received by the other party that strict performance will be required of any term waived, unless the retraction would be unjust in view of a material change of position in reliance on the waiver.

400.3-104. (a) Except as provided in subsections (c) and (d), "negotiable instrument" means an unconditional promise or order to pay a fixed amount of money, with or without interest or other charges described in the promise or order, if it:

(1) is payable to bearer or to order at the time it is issued or first comes into possession of a holder;

(2) is payable on demand or at a definite time; and

(3) does not state any other undertaking or instruction by the person promising or ordering payment to do any act in addition to the payment of money, but the promise or order may contain (i) an undertaking or power to give, maintain, or protect collateral to secure payment, (ii) an authorization or power to the

holder to confess judgment or realize on or dispose of collateral, [or] (iii) a waiver of the benefit of any law intended for the advantage or protection of an obligor, **(iv) a term that specifies the law that governs the promise or order, or (v) an undertaking to resolve in a specified forum a dispute concerning the promise or order.**

(b) “Instrument” means a negotiable instrument.

(c) An order that meets all of the requirements of subsection (a), except paragraph (1), and otherwise falls within the definition of “check” in subsection (f) is a negotiable instrument and a check.

(d) A promise or order other than a check is not an instrument if, at the time it is issued or first comes into possession of a holder, it contains a conspicuous statement, however expressed, to the effect that the promise or order is not negotiable or is not an instrument governed by this Article.

(e) An instrument is a “note” if it is a promise and is a “draft” if it is an order. If an instrument falls within the definition of both “note” and “draft,” a person entitled to enforce the instrument may treat it as either.

(f) “Check” means (i) a draft, other than a documentary draft, payable on demand and drawn on a bank or (ii) a cashier's check or teller's check. An instrument may be a check even though it is described on its face by another term, such as “money order.”

(g) “Cashier's check” means a draft with respect to which the drawer and drawee are the same bank or branches of the same bank.

(h) “Teller's check” means a draft drawn by a bank (i) on another bank, or (ii) payable at or through a bank.

(i) “Traveler's check” means an instrument that (i) is payable on demand, (ii) is drawn on or payable at or through a bank, (iii) is designated by the term “traveler's check” or by a substantially similar term, and (iv) requires, as a condition to payment, a countersignature by a person whose specimen signature appears on the instrument.

(j) “Certificate of deposit” means an instrument containing an acknowledgement by a bank that a sum of money has been received by the bank and a promise by the bank to repay the sum of money. A certificate of deposit is a note of the bank.

(k) “Demand draft”, a writing not signed by the customer that is created by a third party under the purported authority of the customer for the purpose of charging the customer's account with a bank. A demand draft shall contain the customer's account number and may contain any or all of the following:

- a. The customer's printed or typewritten name;
- b. A notation that the customer authorized the draft; or
- c. The statement “No signature required” or words to that effect.

A demand draft shall not include a check purportedly drawn by and bearing the signature of a fiduciary, as defined in paragraph (1) of subsection (a) of section 400.3.-307.

400.3-105. (a) “Issue” means:

(1) the first delivery of an instrument by the maker or drawer, whether to a holder or nonholder, for the purpose of giving rights on the instrument to any person; **or**

(2) if agreed by the payee, the first transmission by the drawer to the payee of an image of an item and information derived from the item that enables the depository bank to collect the item by transferring or presenting under federal law an electronic check.

(b) An unissued instrument, or an unissued incomplete instrument that is completed, is binding on the maker or drawer, but nonissuance is a defense. An instrument that is conditionally issued or is issued for a special purpose is binding on the maker or drawer, but failure of the condition or special purpose to be fulfilled is a defense.

(c) “Issuer” applies to issued and unissued instruments and means a maker or drawer of an instrument.

400.3-401. [(a)] A person is not liable on an instrument unless (i) the person signed the instrument, or (ii) the person is represented by an agent or representative who signed the instrument and the signature is binding on the represented person under Section 400.3-402.

[(b)] A signature may be made (i) manually or by means of a device or machine, and (ii) by the use of any name, including a trade or assumed name, or by a word, mark, or symbol executed or adopted by a person with present intention to authenticate a writing.]

400.3-604. (a) A person entitled to enforce an instrument, with or without consideration, may discharge the obligation of a party to pay the instrument (i) by an intentional voluntary act, such as surrender of the instrument to the party, destruction, mutilation, or cancellation of the instrument, cancellation or striking out of the party's signature, or the addition of words to the instrument indicating discharge, or (ii) by agreeing not to sue or otherwise renouncing rights against the party by a signed [writing] **record. The obligation of a party to pay a check is not discharged solely by destruction of the check in connection with a process in which information is extracted from the check and an image of the check is made and, subsequently, the information and image are transmitted for payment.**

(b) Cancellation or striking out of an endorsement pursuant to subsection (a) does not affect the status and rights of a party derived from the endorsement.

400.4A-103 (a) In this Article:

(1) “Payment order” means an instruction of a sender to a receiving bank, transmitted orally[, electronically,] or in [writing] **a record**, to pay, or to cause another bank to pay, a fixed or determinable amount of money to a beneficiary if:

(i) the instruction does not state a condition to payment to the beneficiary other than time of payment;

(ii) the receiving bank is to be reimbursed by debiting an account of, or otherwise receiving payment from, the sender; and

(iii) the instruction is transmitted by the sender directly to the receiving bank or to an agent, funds-transfer system, or communication system for transmittal to the receiving bank;

(2) “Beneficiary” means the person to be paid by the beneficiary's bank;

(3) “Beneficiary’s bank” means the bank identified in a payment order in which an account of the beneficiary is to be credited pursuant to the order or which otherwise is to make payment to the beneficiary if the order does not provide for payment to an account;

(4) “Receiving bank” means the bank to which the sender’s instruction is addressed;

(5) “Sender” means the person giving the instruction to the receiving bank.

(b) If an instruction complying with subsection (a)(1) is to make more than one payment to a beneficiary, the instruction is a separate payment order with respect to each payment.

(c) A payment order is issued when it is sent to the receiving bank.

400.4A-201 “Security procedure” means a procedure established by agreement of a customer and a receiving bank for the purpose of (i) verifying that a payment order or communication amending or cancelling a payment order is that of the customer, or (ii) detecting error in the transmission or the content of the payment order or communication. A security procedure may **impose an obligation on the receiving bank or the customer and** require the use of algorithms or other codes, identifying words [or], numbers, **symbols, sounds, biometrics**, encryption, callback procedures, or similar security devices. Comparison of a signature on a payment order or communication with an authorized specimen signature of the customer **or requiring a payment order to be sent from a known email address, IP address, or telephone number** is not by itself a security procedure.

400.4A-202 (a) A payment order received by the receiving bank is the authorized order of the person identified as sender if that person authorized the order or is otherwise bound by it under the law of agency.

(b) If a bank and its customer have agreed that the authenticity of payment orders issued to the bank in the name of the customer as sender will be verified pursuant to a security procedure, a payment order received by the receiving bank is effective as the order of the customer, whether or not authorized, if (i) the security procedure is a commercially reasonable method of providing security against unauthorized payment orders, and (ii) the bank proves that it accepted the payment order in good faith and in compliance with **the bank’s obligations under** the security procedure and any [written] agreement or instruction of the customer, **evidenced by a record**, restricting acceptance of payment orders issued in the name of the customer. The bank is not required to follow an instruction that violates [a written] **an** agreement with the customer, **evidenced by a record**, or notice of which is not received at a time and in a manner affording the bank a reasonable opportunity to act on it before the payment order is accepted.

(c) Commercial reasonableness of a security procedure is a question of law to be determined by considering the wishes of the customer expressed to the bank, the circumstances of the customer known to the bank, including the size, type, and frequency of payment orders normally issued by the customer to the bank, alternative security procedures offered to the customer, and security procedures in general use by customers and receiving banks similarly situated. A security procedure is deemed to be commercially reasonable if (i) the security procedure was chosen by the customer after the bank offered, and the customer refused, a security procedure that was commercially reasonable for that customer, and (ii) the customer expressly agreed in [writing] **a record** to be bound by any payment order, whether or not authorized, issued in its name and accepted by the bank in compliance with the **bank’s obligations under the** security procedure chosen by the customer.

(d) The term “sender” in this Article includes the customer in whose name a payment order is issued if the order is the authorized order of the customer under subsection (a), or it is effective as the order of the customer under subsection (b).

(e) This section applies to amendments and cancellations of payment orders to the same extent it applies to payment orders.

(f) Except as provided in this section and in section 400.4A-203(a)(1), rights and obligations arising under this section or section 400.4A-203 may not be varied by agreement.

400.4A-203 (a) If an accepted payment order is not, under section 400.4A-202(a), an authorized order of a customer identified as sender, but is effective as an order of the customer pursuant to section 400.4A-202(b), the following rules apply:

(1) By express [written] agreement **evidenced by a record**, the receiving bank may limit the extent to which it is entitled to enforce or retain payment of the payment order.

(2) The receiving bank is not entitled to enforce or retain payment of the payment order if the customer proves that the order was not caused, directly or indirectly, by a person (i) entrusted at any time with duties to act for the customer with respect to payment orders or the security procedure, or (ii) who obtained access to transmitting facilities of the customer or who obtained, from a source controlled by the customer and without authority of the receiving bank, information facilitating breach of the security procedure, regardless of how the information was obtained or whether the customer was at fault. Information includes any access device, computer software, or the like.

(b) This section applies to amendments of payment orders to the same extent it applies to payment orders.

400.4A-207 (a) Subject to subsection (b), if, in a payment order received by the beneficiary's bank, the name, bank account number, or other identification of the beneficiary refers to a nonexistent or unidentifiable person or account, no person has rights as a beneficiary of the order and acceptance of the order cannot occur.

(b) If a payment order received by the beneficiary's bank identifies the beneficiary both by name and by an identifying or bank account number and the name and number identify different persons, the following rules apply:

(1) Except as otherwise provided in subsection 3 of this section, if the beneficiary's bank does not know that the name and number refer to different persons, it may rely on the number as the proper identification of the beneficiary of the order. The beneficiary's bank need not determine whether the name and number refer to the same person.

(2) If the beneficiary's bank pays the person identified by name or knows that the name and number identify different persons, no person has rights as beneficiary except the person paid by the beneficiary's bank if that person was entitled to receive payment from the originator of the funds transfer. If no person has rights as beneficiary, acceptance of the order cannot occur.

(c) If (i) a payment order described in subsection (b) is accepted, (ii) the originator's payment order described the beneficiary inconsistently by name and number, and (iii) the beneficiary's bank pays the person identified by number as permitted by subsection (b)(1), the following rules apply:

(1) If the originator is a bank, the originator is obliged to pay its order.

(2) If the originator is not a bank and proves that the person identified by number was not entitled to receive payment from the originator, the originator is not obliged to pay its order unless the originator's bank proves that the originator, before acceptance of the originator's order, had notice that payment of a payment order issued by the originator might be made by the beneficiary's bank on the basis of an identifying or bank account number even if it identifies a person different from the named beneficiary. Proof of notice may be made by any admissible evidence. The originator's bank satisfies the burden of proof if it proves that the originator, before the payment order was accepted, signed a [writing] **record** stating the information to which the notice relates.

(d) In a case governed by subsection (b)(1), if the beneficiary's bank rightfully pays the person identified by number and that person was not entitled to receive payment from the originator, the amount paid may be recovered from that person to the extent allowed by the law governing mistake and restitution as follows:

(1) If the originator is obliged to pay its payment order as stated in subsection (c), the originator has the right to recover;

(2) If the originator is not a bank and is not obliged to pay its payment order, the originator's bank has the right to recover.

400.4A-208 (a) This subsection applies to a payment order identifying an intermediary bank or the beneficiary's bank only by an identifying number:

(1) The receiving bank may rely on the number as the proper identification of the intermediary or beneficiary's bank and need not determine whether the number identifies a bank.

(2) The sender is obliged to compensate the receiving bank for any loss and expenses incurred by the receiving bank as a result of its reliance on the number in executing or attempting to execute the order.

(b) This subsection applies to a payment order identifying an intermediary bank or the beneficiary's bank both by name and an identifying number if the name and number identify different persons.

(1) If the sender is a bank, the receiving bank may rely on the number as the proper identification of the intermediary or beneficiary's bank if the receiving bank, when it executes the sender's order, does not know that the name and number identify different persons. The receiving bank need not determine whether the name and number refer to the same person or whether the number refers to a bank. The sender is obliged to compensate the receiving bank for any loss and expenses incurred by the receiving bank as a result of its reliance on the number in executing or attempting to execute the order.

(2) If the sender is not a bank and the receiving bank proves that the sender, before the payment order was accepted, had notice that the receiving bank might rely on the number as the proper identification of the intermediary or beneficiary's bank even if it identifies a person different from the bank identified by name, the rights and obligations of the sender and the receiving bank are governed by subsection (b)(1),

as though the sender were a bank. Proof of notice may be made by any admissible evidence. The receiving bank satisfies the burden of proof if it proves that the sender, before the payment order was accepted, signed a [writing] **record** stating the information to which the notice relates.

(3) Regardless of whether the sender is a bank, the receiving bank may rely on the name as the proper identification of the intermediary or beneficiary's bank if the receiving bank, at the time it executes the sender's order, does not know that the name and number identify different persons. The receiving bank need not determine whether the name and number refer to the same person.

(4) If the receiving bank knows that the name and number identify different persons, reliance on either the name or the number in executing the sender's payment order is a breach of the obligation stated in section 400.4A-302(a)(1).

400.4A-210 (a) A payment order is rejected by the receiving bank by a notice of rejection transmitted to the sender orally[, electronically,] or in [writing] **a record**. A notice of rejection need not use any particular words and is sufficient if it indicates that the receiving bank is rejecting the order or will not execute or pay the order. Rejection is effective when the notice is given if transmission is by a means that is reasonable in the circumstances. If notice of rejection is given by a means that is not reasonable, rejection is effective when the notice is received. If an agreement of the sender and receiving bank establishes the means to be used to reject a payment order, (i) any means complying with the agreement is reasonable and (ii) any means not complying is not reasonable unless no significant delay in receipt of the notice resulted from the use of the noncomplying means.

(b) This subsection applies if a receiving bank other than the beneficiary's bank fails to execute a payment order despite the existence on the execution date of a withdrawable credit balance in an authorized account of the sender sufficient to cover the order. If the sender does not receive notice of rejection of the order on the execution date and the authorized account of the sender does not bear interest, the bank is obliged to pay interest to the sender on the amount of the order for the number of days elapsing after the execution date to the earlier of the day the order is cancelled pursuant to section 400.4A-211(d) or the day the sender receives notice or learns that the order was not executed, counting the final day of the period as an elapsed day. If the withdrawable credit balance during that period falls below the amount of the order, the amount of interest is reduced accordingly.

(c) If a receiving bank suspends payments, all unaccepted payment orders issued to it are deemed rejected at the time the bank suspends payments.

(d) Acceptance of a payment order precludes a later rejection of the order. Rejection of a payment order precludes a later acceptance of the order.

400.4A-211 (a) A communication of the sender of a payment order cancelling or amending the order may be transmitted to the receiving bank orally[, electronically,] or in [writing] **a record**. If a security procedure is in effect between the sender and the receiving bank, the communication is not effective to cancel or amend the order unless the communication is verified pursuant to the security procedure or the bank agrees to the cancellation or amendment.

(b) Subject to subsection (a), a communication by the sender cancelling or amending a payment order is effective to cancel or amend the order if notice of the communication is received at a time and in a

manner affording the receiving bank a reasonable opportunity to act on the communication before the bank accepts the payment order.

(c) After a payment order has been accepted, cancellation or amendment of the order is not effective unless the receiving bank agrees or a funds-transfer system rule allows cancellation or amendment without agreement of the bank.

(1) With respect to a payment order accepted by a receiving bank other than the beneficiary's bank, cancellation or amendment is not effective unless a conforming cancellation or amendment of the payment order issued by the receiving bank is also made.

(2) With respect to a payment order accepted by the beneficiary's bank, cancellation or amendment is not effective unless the order was issued in execution of an unauthorized payment order, or because of a mistake by a sender in the funds transfer which resulted in the issuance of a payment order (i) that is a duplicate of a payment order previously issued by the sender, (ii) that orders payment to a beneficiary not entitled to receive payment from the originator, or (iii) that orders payment in an amount greater than the amount the beneficiary was entitled to receive from the originator. If the payment order is cancelled or amended, the beneficiary's bank is entitled to recover from the beneficiary any amount paid to the beneficiary to the extent allowed by the law governing mistake and restitution.

(d) An unaccepted payment order is cancelled by operation of law at the close of the fifth funds-transfer business day of the receiving bank after the execution date or payment date of the order.

(e) A cancelled payment order cannot be accepted. If an accepted payment order is cancelled, the acceptance is nullified and no person has any right or obligation based on the acceptance. Amendment of a payment order is deemed to be cancellation of the original order at the time of amendment and issue of a new payment order in the amended form at the same time.

(f) Unless otherwise provided in an agreement of the parties or in a funds-transfer system rule, if the receiving bank, after accepting a payment order, agrees to cancellation or amendment of the order by the sender or is bound by a funds-transfer system rule allowing cancellation or amendment without the bank's agreement, the sender, whether or not cancellation or amendment is effective, is liable to the bank for any loss and expenses, including reasonable attorney's fees, incurred by the bank as a result of the cancellation or amendment or attempted cancellation or amendment.

(g) A payment order is not revoked by the death or legal incapacity of the sender unless the receiving bank knows of the death or of an adjudication of incapacity by a court of competent jurisdiction and has reasonable opportunity to act before acceptance of the order.

(h) A funds-transfer system rule is not effective to the extent it conflicts with subsection (c)(2).

400.4A-305 (a) If a funds transfer is completed but execution of a payment order by the receiving bank in breach of section 400.4A-302 results in delay in payment to the beneficiary, the bank is obliged to pay interest to either the originator or the beneficiary of the funds transfer for the period of delay caused by the improper execution. Except as provided in subsection (c), additional damages are not recoverable.

(b) If execution of a payment order by a receiving bank in breach of section 400.4A-302 results in (i) noncompletion of the funds transfer, (ii) failure to use an intermediary bank designated by the originator, or (iii) issuance of a payment order that does not comply with the terms of the payment order of the

originator, the bank is liable to the originator for its expenses in the funds transfer and for incidental expenses and interest losses, to the extent not covered by subsection (a), resulting from the improper execution. Except as provided in subsection (c), additional damages are not recoverable.

(c) In addition to the amounts payable under subsections (a) and (b), damages, including consequential damages, are recoverable to the extent provided in an express [written] agreement of the receiving bank, **evidenced by a record**.

(d) If a receiving bank fails to execute a payment order it was obliged by express agreement to execute, the receiving bank is liable to the sender for its expenses in the transaction and for incidental expenses and interest losses resulting from the failure to execute. Additional damages, including consequential damages, are recoverable to the extent provided in an express [written] agreement of the receiving bank, **evidenced by a record**, but are not otherwise recoverable.

(e) Reasonable attorney's fees are recoverable if demand for compensation under subsection (a) or (b) is made and refused before an action is brought on the claim. If a claim is made for breach of an agreement under subsection (d) and the agreement does not provide for damages, reasonable attorney's fees are recoverable if demand for compensation under subsection (d) is made and refused before an action is brought on the claim.

(f) Except as stated in this section, the liability of a receiving bank under subsections (a) and (b) may not be varied by agreement.

400.5-104. A letter of credit, confirmation, advice, transfer, amendment or cancellation may be issued in any form that is a **signed** record [and is authenticated:

(i) By a signature; or

(ii) In accordance with the agreement of the parties or the standard practice referred to in section 400.5-108(e)].

400.5-116. (a) The liability of an issuer, nominated person or adviser for action or omission is governed by the law of the jurisdiction chosen by an agreement in the form of a record signed [or otherwise authenticated] by the affected parties [in the manner provided in section 400.5-104] or by a provision in the person's letter of credit, confirmation or other undertaking. The jurisdiction whose law is chosen need not bear any relation to the transaction.

(b) Unless subsection (a) applies, the liability of an issuer, nominated person or adviser for action or omission is governed by the law of the jurisdiction in which the person is located. The person is considered to be located at the address indicated in the person's undertaking. If more than one address is indicated, the person is considered to be located at the address from which the person's undertaking was issued.

(c) For the purpose of jurisdiction, choice of law and recognition of interbranch letters of credit, but not enforcement of a judgment, all branches of a bank are considered separate juridical entities and a bank is considered to be located at the place where its relevant branch is considered to be located under [this] subsection (d).

(d) A branch of a bank is considered to be located at the address indicated in the branch's undertaking. If more than one address is indicated, the branch is considered to be located at the address from which the undertaking was issued.

[(c)] **(e)** Except as otherwise provided in this subsection, the liability of an issuer, nominated person or adviser is governed by any rules of custom or practice, such as the Uniform Customs and Practice for Documentary Credits, to which the letter of credit, confirmation or other undertaking is expressly made subject. If:

(i) This article would govern the liability of an issuer, nominated person or adviser under subsection (a) or (b);

(ii) The relevant undertaking incorporates rules of custom or practice; and

(iii) There is a conflict between this article and those rules as applied to that undertaking, those rules govern except to the extent of any conflict with the nonvariable provisions specified in section 400.5-103(c).

[(d)] **(f)** If there is conflict between this article and article 3, 4, 4A or 9 of this chapter, this article governs.

[(e)] **(g)** The forum for settling disputes arising out of an undertaking within this article may be chosen in the manner and with the binding effect that governing law may be chosen in accordance with subsection (a).

400.7-102. (a) In this article, unless the context otherwise requires:

(1) "Bailee" means a person that by a warehouse receipt, bill of lading, or other document of title acknowledges possession of goods and contracts to deliver them.

(2) "Carrier" means a person that issues a bill of lading.

(3) "Consignee" means a person named in a bill of lading to which or to whose order the bill promises delivery.

(4) "Consignor" means a person named in a bill of lading as the person from which the goods have been received for shipment.

(5) "Delivery order" means a record that contains an order to deliver goods directed to a warehouse, carrier, or other person that in the ordinary course of business issues warehouse receipts or bills of lading.

(6) "Good faith" has the same meaning as in subdivision (20) of subsection (b) of section 400.1-201.

(7) "Goods" means all things that are treated as movable for the purposes of a contract for storage or transportation.

(8) "Issuer" means a bailee that issues a document of title or, in the case of an unaccepted delivery order, the person that orders the possessor of goods to deliver. The term includes a person for which an agent or employee purports to act in issuing a document if the agent or employee has real or apparent authority to issue documents, even if the issuer did not receive any goods, the goods were misdescribed, or in any other respect the agent or employee violated the issuer's instructions.

(9) “Person entitled under the document” means the holder, in the case of a negotiable document of title, or the person to which delivery of the goods is to be made by the terms of, or pursuant to instructions in a record under, a nonnegotiable document of title.

(10) [“Record” has the same meaning as in subdivision (31) of subsection (b) of section 400.1-201.

(11) “Sign” means, with present intent to authenticate or adopt a record:

(A) to execute or adopt a tangible symbol; or

(B) to attach to or logically associate with the record an electronic sound, symbol, or process.

(12) “Shipper” means a person that enters into a contract of transportation with a carrier.

[13] (11) “Warehouse” means a person engaged in the business of storing goods for hire.

(b) Definitions in other articles applying to this article and the sections in which they appear are:

(1) “Contract for sale”, section 400.2-106.

(2) “Lessee in the ordinary course of business”, section 400.2A-103.

(3) “Receipt” of goods, section 400.2-103.

(c) In addition, article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.

400.7-106. (a) A person has control of an electronic document of title if a system employed for evidencing the transfer of interests in the electronic document reliably establishes that person as the person to which the electronic document was issued or transferred.

(b) A system satisfies subsection (a), and a person [is deemed to have] **has** control of an electronic document of title, if the document is created, stored, and [assigned] **transferred** in [such] a manner that:

(1) a single authoritative copy of the document exists which is unique, identifiable, and, except as otherwise provided in paragraphs (4), (5), and (6), unalterable;

(2) the authoritative copy identifies the person asserting control as:

(A) the person to which the document was issued; or

(B) if the authoritative copy indicates that the document has been transferred, the person to which the document was most recently transferred;

(3) the authoritative copy is communicated to and maintained by the person asserting control or its designated custodian;

(4) copies or amendments that add or change an identified [assignee] **transferee** of the authoritative copy can be made only with the consent of the person asserting control;

(5) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy; and

(6) any amendment of the authoritative copy is readily identifiable as authorized or unauthorized.

(c) A system satisfies subsection (a), and a person has control of an electronic document of title, if an authoritative electronic copy of the document, a record attached to or logically associated with the electronic copy, or a system in which the electronic copy is recorded:

(1) enables the person readily to identify each electronic copy as either an authoritative copy or a nonauthoritative copy;

(2) enables the person readily to identify itself in any way, including by name, identifying number, cryptographic key, office, or account number, as the person to which each authoritative electronic copy was issued or transferred; and

(3) gives the person exclusive power, subject to subsection (d), to:

(A) prevent others from adding or changing the person to which each authoritative electronic copy has been issued or transferred; and

(B) transfer control of each authoritative electronic copy.

(d) Subject to subsection (e), a power is exclusive under subsection (c)(3)(A) and (B) even if:

(1) the authoritative electronic copy, a record attached to or logically associated with the authoritative electronic copy, or a system in which the authoritative electronic copy is recorded limits the use of the document of title or has a protocol that is programmed to cause a change, including a transfer or loss of control; or

(2) the power is shared with another person.

(e) A power of a person is not shared with another person under subsection (d)(2) and the person's power is not exclusive if:

(1) the person can exercise the power only if the power also is exercised by the other person; and

(2) the other person:

(A) can exercise the power without exercise of the power by the person; or

(B) is the transferor to the person of an interest in the document of title.

(f) If a person has the powers specified in subsection (c)(3)(A) and (B), the powers are presumed to be exclusive.

(g) A person has control of an electronic document of title if another person, other than the transferor to the person of an interest in the document:

(1) has control of the document and acknowledges that it has control on behalf of the person; or

(2) obtains control of the document after having acknowledged that it will obtain control of the document on behalf of the person.

(h) A person that has control under this section is not required to acknowledge that it has control on behalf of another person.

(i) If a person acknowledges that it has or will obtain control on behalf of another person, unless the person otherwise agrees or law other than this article or Article 9 otherwise provides, the person does not owe any duty to the other person and is not required to confirm the acknowledgment to any other person.

400.8-102. (a) In this article:

(1) “Adverse claim” means a claim that a claimant has a property interest in a financial asset and that it is a violation of the rights of the claimant for another person to hold, transfer or deal with the financial asset;

(2) “Bearer form”, as applied to a certificated security, means a form in which the security is payable to the bearer of the security certificate according to its terms but not by reason of an indorsement;

(3) “Broker” means a person defined as a broker or dealer under the federal securities laws, but without excluding a bank acting in that capacity;

(4) “Certificated security” means a security that is represented by a certificate;

(5) “Clearing corporation” means:

(i) A person that is registered as a “clearing agency” under the federal securities laws;

(ii) A federal reserve bank; or

(iii) Any other person that provides clearance or settlement services with respect to financial assets that would require it to register as a clearing agency under the federal securities laws but for an exclusion or exemption from the registration requirement, if its activities as a clearing corporation, including promulgation of rules, are subject to regulation by a federal or state governmental authority;

(6) “Communicate” means to:

(i) Send a signed [writing] **record**; or

(ii) Transmit information by any mechanism agreed upon by the persons transmitting and receiving the information;

(7) “Entitlement holder” means a person identified in the records of a securities intermediary as the person having a security entitlement against the securities intermediary. If a person acquires a security entitlement by virtue of section 400.8-501(b)(2) or (3), that person is the entitlement holder;

(8) “Entitlement order” means a notification communicated to a securities intermediary directing transfer or redemption of a financial asset to which the entitlement holder has a security entitlement;

(9) “Financial asset”, except as otherwise provided in section 400.8-103, means:

(i) A security;

(ii) An obligation of a person or a share, participation or other interest in a person or in property or an enterprise of a person, which is, or is of a type, dealt in or traded on financial markets, or which is recognized in any area in which it is issued or dealt in as a medium for investment; or

(iii) Any property that is held by a securities intermediary for another person in a securities account if the securities intermediary has expressly agreed with the other person that the property is to be treated as a financial asset under this article.

As context requires, the term means either the interest itself or the means by which a person's claim to it is evidenced, including a certificated or uncertificated security, a security certificate or a security entitlement;

(10) "Good faith", for purposes of the obligation of good faith in the performance or enforcement of contracts or duties within this article, means honesty in fact and the observance of reasonable commercial standards of fair dealing;

(11) "Indorsement" means a signature that alone or accompanied by other words is made on a security certificate in registered form or on a separate document for the purpose of assigning, transferring or redeeming the security or granting a power to assign, transfer or redeem it;

(12) "Instruction" means a notification communicated to the issuer of an uncertificated security which directs that the transfer of the security be registered or that the security be redeemed;

(13) "Registered form", as applied to a certificated security, means a form in which:

(i) The security certificate specifies a person entitled to the security; and

(ii) A transfer of the security may be registered upon books maintained for that purpose by or on behalf of the issuer, or the security certificate so states;

(14) "Securities intermediary" means:

(i) A clearing corporation; or

(ii) A person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity;

(15) "Security", except as otherwise provided in section 400.8-103, means an obligation of an issuer or a share, participation or other interest in an issuer or in property or an enterprise of an issuer:

(i) Which is represented by a security certificate in bearer or registered form, or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the issuer;

(ii) Which is one of a class or series or by its terms is divisible into a class or series of shares, participations, interests or obligations; and

(iii) Which:

(A) Is, or is of a type, dealt in or traded on securities exchanges or securities markets; or

(B) Is a medium for investment and by its terms expressly provides that it is a security governed by this article;

(16) "Security certificate" means a certificate representing a security;

(17) “Security entitlement” means the rights and property interest of an entitlement holder with respect to a financial asset specified in sections 400.8-501 to 400.8-510;

(18) “Uncertificated security” means a security that is not represented by a certificate.

(b) [Other definitions applying to this article and the sections in which they appear are] **The following definitions in this article and other articles apply to this article:**

“Appropriate person”.	Section 400.8-107.
“Control”.	Section 400.8-106.
“Controllable account”.	Section 400.9-102.
“Controllable electronic record”.	Section 400.12-102.
“Controllable payment intangible”.	Section 400.9-102.
“Delivery”.	Section 400.8-301.
“Investment company security”.	Section 400.8-103.
“Issuer”.	Section 400.8-201.
“Overissue”.	Section 400.8-210.
“Protected purchaser”.	Section 400.8-303.
“Securities account”.	Section 400.8-501.

(c) In addition, article 1 of this chapter contains general definitions and principles of construction and interpretation applicable throughout this article.

(d) The characterization of a person, business, or transaction for purposes of this article does not determine the characterization of the person, business or transaction for purposes of any other law, regulation or rule.

400.8-103. (a) A share or similar equity interest issued by a corporation, business trust, joint stock company or similar entity is a security.

(b) An “investment company security” is a security. “Investment company security” means a share or similar equity interest issued by an entity that is registered as an investment company under the federal investment company laws, an interest in a unit investment trust that is so registered, or a face-amount certificate issued by a face-amount certificate company that is so registered. Investment company security

does not include an insurance policy or endowment policy or annuity contract issued by an insurance company.

(c) An interest in a partnership or limited liability company is not a security unless it is dealt in or traded on securities exchanges or in securities markets, its terms expressly provide that it is a security governed by this article, or it is an investment company security. However, an interest in a partnership or limited liability company is a financial asset if it is held in a securities account.

(d) A writing that is a security certificate is governed by this article and not by article 3 of this chapter, even though it also meets the requirements of that article. However, a negotiable instrument governed by article 3 of this chapter is a financial asset if it is held in a securities account.

(e) An option or similar obligation issued by a clearing corporation to its participants is not a security, but is a financial asset.

(f) A commodity contract, as defined in section 400.9-102(a)(14), is not a security or a financial asset.

(g) A controllable account, controllable electronic record, or controllable payment intangible is not a financial asset unless Section 400.8-102(a)(9)(iii) applies.

400.8-106. (a) A purchaser has “control” of a certificated security in bearer form if the certificated security is delivered to the purchaser.

(b) A purchaser has “control” of a certificated security in registered form if the certificated security is delivered to the purchaser, and:

(1) The certificate is indorsed to the purchaser or in blank by an effective indorsement; or

(2) The certificate is registered in the name of the purchaser, upon original issue or registration of transfer by the issuer.

(c) A purchaser has “control” of an uncertificated security if:

(1) The uncertificated security is delivered to the purchaser; or

(2) The issuer has agreed that it will comply with instructions originated by the purchaser without further consent by the registered owner.

(d) A purchaser has “control” of a security entitlement if:

(1) The purchaser becomes the entitlement holder;

(2) The securities intermediary has agreed that it will comply with entitlement orders originated by the purchaser without further consent by the entitlement holder; or

(3) Another person [has control of the security entitlement on behalf of the purchaser or, having previously acquired control of the security entitlement, acknowledges that it has control on behalf of the purchaser], **other than the transferor to the purchaser of an interest in the security entitlement:**

(A) has control of the security entitlement and acknowledges that it has control on behalf of the purchaser; or

(B) obtains control of the security entitlement after having acknowledged that it will obtain control of the security entitlement on behalf of the purchaser.

(e) If an interest in a security entitlement is granted by the entitlement holder to the entitlement holder's own securities intermediary, the securities intermediary has control.

(f) A purchaser who has satisfied the requirements of subsection (c) or (d) has control even if the registered owner in the case of subsection (c) or the entitlement holder in the case of subsection (d) retains the right to make substitutions for the uncertificated security or security entitlement, to originate instructions or entitlement orders to the issuer or securities intermediary, or otherwise to deal with the uncertificated security or security entitlement.

(g) An issuer or a securities intermediary may not enter into an agreement of the kind described in subsection (c)(2) or (d)(2) without the consent of the registered owner or entitlement holder, but an issuer or a securities intermediary is not required to enter into such an agreement even though the registered owner or entitlement holder so directs. An issuer or securities intermediary that has entered into such an agreement is not required to confirm the existence of the agreement to another party unless requested to do so by the registered owner or entitlement holder.

(h) A person that has control under this section is not required to acknowledge that it has control on behalf of a purchaser.

(i) If a person acknowledges that it has or will obtain control on behalf of a purchaser, unless the person otherwise agrees or law other than this Article or Article 9 otherwise provides, the person does not owe any duty to the purchaser and is not required to confirm the acknowledgment to any other person.

400.8-110. (a) The local law of the issuer's jurisdiction, as specified in subsection (d), governs:

(1) The validity of a security;

(2) The rights and duties of the issuer with respect to registration of transfer;

(3) The effectiveness of registration of transfer by the issuer;

(4) Whether the issuer owes any duties to an adverse claimant to a security; and

(5) Whether an adverse claim can be asserted against a person to whom transfer of a certificated or uncertificated security is registered or a person who obtains control of an uncertificated security.

(b) The local law of the securities intermediary's jurisdiction, as specified in subsection (e), governs:

(1) Acquisition of a security entitlement from the securities intermediary;

(2) The rights and duties of the securities intermediary and entitlement holder arising out of a security entitlement;

(3) Whether the securities intermediary owes any duties to an adverse claimant to a security entitlement; and

(4) Whether an adverse claim can be asserted against a person who acquires a security entitlement from the securities intermediary or a person who purchases a security entitlement or interest therein from an entitlement holder.

(c) The local law of the jurisdiction in which a security certificate is located at the time of delivery governs whether an adverse claim can be asserted against a person to whom the security certificate is delivered.

(d) “Issuer’s jurisdiction” means the jurisdiction under which the issuer of the security is organized or, if permitted by the law of that jurisdiction, the law of another jurisdiction specified by the issuer. An issuer organized under the law of this state may specify the law of another jurisdiction as the law governing the matters specified in subsection (a)(2) through (5).

(e) The following rules determine a “securities intermediary’s jurisdiction” for purposes of this section:

(1) If an agreement between the securities intermediary and its entitlement holder governing the securities account expressly provides that a particular jurisdiction is the securities intermediary’s jurisdiction for purposes of this part, this article, or chapter 400, that jurisdiction is the securities intermediary’s jurisdiction;

(2) If paragraph (1) does not apply and an agreement between the securities intermediary and its entitlement holder governing the securities account expressly provides that the agreement is governed by the law of a particular jurisdiction, that jurisdiction is the securities intermediary’s jurisdiction.

(3) If neither paragraph (1) nor paragraph (2) applies, and an agreement between the securities intermediary and its entitlement holder governing the securities account expressly provides that the securities account is maintained at an office in a particular jurisdiction, that jurisdiction is the securities intermediary’s jurisdiction;

(4) If none of the preceding paragraphs apply, the securities intermediary’s jurisdiction is the jurisdiction in which the office identified in an account statement as the office serving the entitlement holder’s account is located.

(5) If none of the preceding paragraphs apply, the securities intermediary’s jurisdiction is the jurisdiction in which the chief executive office of the securities intermediary is located.

(f) A securities intermediary’s jurisdiction is not determined by the physical location of certificates representing financial assets, or by the jurisdiction in which is organized the issuer of the financial asset with respect to which an entitlement holder has a security entitlement, or by the location of facilities for data processing or other record keeping concerning the account.

(g) The local law of the issuer’s jurisdiction or the securities intermediary’s jurisdiction governs a matter or transaction specified in subsection (a) or (b) even if the matter or transaction does not bear any relation to the jurisdiction.

400.8-303. (a) “Protected purchaser” means a purchaser of a certificated or uncertificated security, or of an interest therein, who:

(1) Gives value;

- (2) Does not have notice of any adverse claim to the security; and
- (3) Obtains control of the certificated or uncertificated security.

(b) [In addition to acquiring the rights of a purchaser,] A protected purchaser also acquires its interest in the security free of any adverse claim.

400.9-102. (a) In this article:

(1) “Accession” means goods that are physically united with other goods in such a manner that the identity of the original goods is not lost;

(2) “Account”, except as used in “account for”, “**account statement**”, “**account to**”, “**commodity account**” in paragraph (14), “**customer's account**”, “**deposit account**” in paragraph (29), “**on account of**”, and “**statement of account**”, means a right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a policy of insurance issued or to be issued, (iv) for a secondary obligation incurred or to be incurred, (v) for energy provided or to be provided, (vi) for the use or hire of a vessel under a charter or other contract, (vii) arising out of the use of a credit or charge card or information contained on or for use with the card, or (viii) as winnings in a lottery or other game of chance operated or sponsored by a state, governmental unit of a state, or person licensed or authorized to operate the game by a state or governmental unit of a state. The term includes **controllable accounts and** health-care-insurance receivables. The term does not include (i) [rights to payment evidenced by] chattel paper [or an instrument], (ii) commercial tort claims, (iii) deposit accounts, (iv) investment property, (v) letter-of-credit rights or letters of credit, [or] (vi) rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card, **or (vii) rights to payment evidenced by an instrument**;

(3) “Account debtor” means a person obligated on an account, chattel paper, or general intangible. The term does not include persons obligated to pay a negotiable instrument, even if the **negotiable** instrument [constitutes part of] **evidences** chattel paper;

(4) “Accounting”, except as used in “accounting for”, means a record:

(A) [Authenticated] **Signed** by a secured party;

(B) Indicating the aggregate unpaid secured obligations as of a date not more than thirty-five days earlier or thirty-five days later than the date of the record; and

(C) Identifying the components of the obligations in reasonable detail;

(5) “Agricultural lien” means an interest, other than a security interest, in farm products:

(A) Which secures payment or performance of an obligation for:

(i) Goods or services furnished in connection with a debtor's farming operation; or

(ii) Rent on real property leased by a debtor in connection with its farming operation;

(B) Which is created by statute in favor of a person that:

(i) In the ordinary course of its business furnished goods or services to a debtor in connection with a debtor's farming operation; or

(ii) Leased real property to a debtor in connection with the debtor's farming operation; and

(C) Whose effectiveness does not depend on the person's possession of the personal property;

(6) “As-extracted collateral” means:

(A) Oil, gas, or other minerals that are subject to a security interest that:

(i) Is created by a debtor having an interest in the minerals before extraction; and

(ii) Attaches to the minerals as extracted; or

(B) Accounts arising out of the sale at the wellhead or minehead of oil, gas, or other minerals in which the debtor had an interest before extraction;

(7) [“Authenticate” means:

(A) To sign; or

(B) With the present intent to adopt or accept a record, to attach to or logically associate with the record an electronic sound, symbol or process] **“Assignee”, except as used in “assignee for benefit of creditors”, means a person (i) in whose favor a security interest that secures an obligation is created or provided for under a security agreement, whether or not the obligation is outstanding or (ii) to which an account, chattel paper, payment intangible, or promissory note has been sold. The term includes a person to which a security interest has been transferred by a secured party;**

(7A) “Assignor” means a person that (i) under a security agreement creates or provides for a security interest that secures an obligation or (ii) sells an account, chattel paper, payment intangible, or promissory note. The term includes a secured party that has transferred a security interest to another person;

(8) “Bank” means an organization that is engaged in the business of banking. The term includes savings banks, savings and loan associations, credit unions, and trust companies;

(9) “Cash proceeds” means proceeds that are money, checks, deposit accounts, or the like;

(10) “Certificate of title” means a certificate of title with respect to which a statute provides for the security interest in question to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral. The term includes another record maintained as an alternative to a certificate of title by the governmental unit that issues certificates of title if a statute permits the security interest in question to be indicated on the record as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral;

(11) “Chattel paper” means [a record or records that evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, a security interest in specific goods and license of software used in the goods, a lease of specific goods, or a lease of specific goods and license of software used in the goods. In this paragraph, “monetary obligation” means

a monetary obligation secured by the goods or owed under a lease of the goods and includes a monetary obligation with respect to software used in the goods. The term does not include (i) charters or other contracts involving the use or hire of a vessel or (ii) records that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card. If a transaction is evidenced by records that include an instrument or series of instruments, the group of records taken together constitutes chattel paper;];

(A) A right to payment of a monetary obligation secured by specific goods, if the right to payment and security agreement are evidenced by a record; or

(B) A right to payment of a monetary obligation owed by a lessee under a lease agreement with respect to specific goods and a monetary obligation owed by the lessee in connection with the transaction giving rise to the lease, if:

(i) The right to payment and lease agreement are evidenced by a record; and

(ii) The predominant purpose of the transaction giving rise to the lease was to give the lessee the right to possession and use of the goods.

The term does not include a right to payment arising out of a charter or other contract involving the use or hire of a vessel or a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card;

(12) “Collateral” means the property subject to a security interest or agricultural lien. The term includes:

(A) Proceeds to which a security interest attaches;

(B) Accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and

(C) Goods that are the subject of a consignment;

(13) “Commercial tort claim” means a claim arising in tort with respect to which:

(A) The claimant is an organization; or

(B) The claimant is an individual and the claim:

(i) Arose in the course of the claimant's business or profession; and

(ii) Does not include damages arising out of personal injury to or the death of an individual;

(14) “Commodity account” means an account maintained by a commodity intermediary in which a commodity contract is carried for a commodity customer;

(15) “Commodity contract” means a commodity futures contract, an option on a commodity futures contract, a commodity option, or another contract if the contract or option is:

(A) Traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to federal commodities laws; or

(B) Traded on a foreign commodity board of trade, exchange, or market, and is carried on the books of a commodity intermediary for a commodity customer;

(16) “Commodity customer” means a person for which a commodity intermediary carries a commodity contract on its books;

(17) “Commodity intermediary” means a person that:

(A) Is registered as a futures commission merchant under federal commodities law; or

(B) In the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities law;

(18) “Communicate” means:

(A) To send a written or other tangible record;

(B) To transmit a record by any means agreed upon by the persons sending and receiving the record;
or

(C) In the case of transmission of a record to or by a filing office, to transmit a record by any means prescribed by filing-office rule;

(19) “Consignee” means a merchant to which goods are delivered in a consignment;

(20) “Consignment” means a transaction, regardless of its form, in which a person delivers goods to a merchant for the purpose of sale and:

(A) The merchant:

(i) Deals in goods of that kind under a name other than the name of the person making delivery;

(ii) Is not an auctioneer; and

(iii) Is not generally known by its creditors to be substantially engaged in selling the goods of others;

(B) With respect to each delivery, the aggregate value of the goods is one thousand dollars or more at the time of delivery;

(C) The goods are not consumer goods immediately before delivery; and

(D) The transaction does not create a security interest that secures an obligation;

(21) “Consignor” means a person that delivers goods to a consignee in a consignment;

(22) “Consumer debtor” means a debtor in a consumer transaction;

(23) “Consumer goods” means goods that are used or bought for use primarily for personal, family, or household purposes;

(24) “Consumer-goods transaction” means a consumer transaction in which:

(A) An individual incurs an obligation primarily for personal, family, or household purposes; and

(B) A security interest in consumer goods secures the obligation;

(25) “Consumer obligor” means an obligor who is an individual and who incurred the obligation as part of a transaction entered into primarily for personal, family, or household purposes;

(26) “Consumer transaction” means a transaction in which (i) an individual incurs an obligation primarily for personal, family, or household purposes, (ii) a security interest secures the obligation, and (iii) the collateral is held or acquired primarily for personal, family, or household purposes. The term includes consumer-goods transactions;

(27) “Continuation statement” means an amendment of a financing statement which:

(A) Identifies, by its file number, the initial financing statement to which it relates; and

(B) Indicates that it is a continuation statement for, or that it is filed to continue the effectiveness of, the identified financing statement;

(27A) “Controllable account” means an account evidenced by a controllable electronic record that provides that the account debtor undertakes to pay the person that has control under section 400.12-105 of the controllable electronic record;

(27B) “Controllable payment intangible” means a payment intangible evidenced by a controllable electronic record that provides that the account debtor undertakes to pay the person that has control under section 400.12-105 of the controllable electronic record;

(28) “Debtor” means:

(A) A person having an interest, other than a security interest or other lien, in the collateral, whether or not the person is an obligor;

(B) A seller of accounts, chattel paper, payment intangibles, or promissory notes; or

(C) A consignee;

(29) “Deposit account” means a demand, time, savings, passbook, or similar account maintained with a bank. The term does not include investment property or accounts evidenced by an instrument;

(30) “Document” means a document of title or a receipt of the type described in section 400.7-201(b);

(31) [“Electronic chattel paper” means chattel paper evidenced by a record or records consisting of information stored in an electronic medium] **“Electronic money” means money in an electronic form;**

(32) “Encumbrance” means a right, other than an ownership interest, in real property. The term includes mortgages and other liens on real property;

(33) “Equipment” means goods other than inventory, farm products, or consumer goods;

(34) “Farm products” means goods, other than standing timber, with respect to which the debtor is engaged in a farming operation and which are:

(A) Crops grown, growing, or to be grown, including:

(i) Crops produced on trees, vines, and bushes; and

(ii) Aquatic goods produced in aquacultural operations;

(B) Livestock, born or unborn, including aquatic goods produced in aquacultural operations;

(C) Supplies used or produced in a farming operation; or

(D) Products of crops or livestock in their unmanufactured states;

(35) “Farming operation” means raising, cultivating, propagating, fattening, grazing, or any other farming, livestock, or aquacultural operation;

(36) “File number” means the number assigned to an initial financing statement pursuant to section 400.9-519(a);

(37) “Filing office” means an office designated in section 400.9-501 as the place to file a financing statement;

(38) “Filing-office rule” means a rule adopted pursuant to section 400.9-526;

(39) “Financing statement” means a record or records composed of an initial financing statement and any filed record relating to the initial financing statement;

(40) “Fixture filing” means the filing of a financing statement covering goods that are or are to become fixtures and satisfying section 400.9-502(a) and (b). The term includes the filing of a financing statement covering goods of a transmitting utility which are or are to become fixtures;

(41) “Fixtures” means goods that have become so related to particular real property that an interest in them arises under real property law;

(42) “General intangible” means any personal property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, or other minerals before extraction. The term includes **controllable electronic records**, payment intangibles, and software;

(43) [“Good faith” means honesty in fact;

(44)] “Goods” means all things that are movable when a security interest attaches. The term includes (i) fixtures, (ii) standing timber that is to be cut and removed under a conveyance or contract for sale, (iii) the unborn young of animals, (iv) crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes, and (v) manufactured homes. The term also includes a computer program embedded in goods and any supporting information provided in connection with a transaction relating to the program if (i) the program is associated with the goods in such a manner that it customarily is considered part of the goods, or (ii) by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods. The term does not include a computer program embedded in goods that consist solely of the medium in which the program is embedded. The term also does not include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money, or oil, gas, or other minerals before extraction;

[(45)] (44) “Governmental unit” means a subdivision, agency, department, county, parish, municipality, or other unit of the government of the United States, a state, or a foreign country. The term

includes an organization having a separate corporate existence if the organization is eligible to issue debt on which interest is exempt from income taxation under the laws of the United States;

[(46)] **(45)** “Health-care-insurance receivable” means an interest in or claim under a policy of insurance which is a right to payment of a monetary obligation for health-care goods or services provided or to be provided;

[(47)] **(46)** “Instrument” means a negotiable instrument or any other writing that evidences a right to the payment of a monetary obligation, is not itself a security agreement or lease, and is of a type that in ordinary course of business is transferred by delivery with any necessary indorsement or assignment. The term does not include (i) investment property, (ii) letters of credit, [or] (iii) writings that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card, **or (iv) writings that evidence chattel paper;**

[(48)] **(47)** “Inventory” means goods, other than farm products, which:

- (A) Are leased by a person as lessor;
- (B) Are held by a person for sale or lease or to be furnished under a contract of service;
- (C) Are furnished by a person under a contract of service; or
- (D) Consist of raw materials, work in process, or materials used or consumed in a business;

[(49)] **(48)** “Investment property” means a security, whether certificated or uncertificated, security entitlement, securities account, commodity contract, or commodity account;

[(50)] **(49)** “Jurisdiction of organization”, with respect to a registered organization, means the jurisdiction under whose law the organization is formed or organized;

[(51)] **(50)** “Letter-of-credit right” means a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance. The term does not include the right of a beneficiary to demand payment or performance under a letter of credit;

[(52)] **(51)** “Lien creditor” means:

- (A) A creditor that has acquired a lien on the property involved by attachment, levy, or the like;
- (B) An assignee for benefit of creditors from the time of assignment;
- (C) A trustee in bankruptcy from the date of the filing of the petition; or
- (D) A receiver in equity from the time of appointment;

[(53)] **(52)** “Manufactured home” means a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is three hundred twenty or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. The term includes any structure that meets all of the requirements of this paragraph except the size

requirements and with respect to which the manufacturer voluntarily files a certification required by the United States Secretary of Housing and Urban Development and complies with the standards established under Title 42 of the United States Code;

[(54)] **(53)** “Manufactured-home transaction” means a secured transaction:

(A) That creates a purchase-money security interest in a manufactured home, other than a manufactured home held as inventory; or

(B) In which a manufactured home, other than a manufactured home held as inventory, is the primary collateral;

(54) “Money” has the meaning in section 400.1-201(b)(24), but does not include (i) a deposit account or (ii) money in an electronic form that cannot be subjected to control under section 400.9-105A;

(55) “Mortgage” means a consensual interest in real property, including fixtures, which secures payment or performance of an obligation;

(56) “New debtor” means a person that becomes bound as debtor under section 400.9-203(d) by a security agreement previously entered into by another person;

(57) “New value” means (i) money, (ii) money's worth in property, services, or new credit, or (iii) release by a transferee of an interest in property previously transferred to the transferee. The term does not include an obligation substituted for another obligation;

(58) “Noncash proceeds” means proceeds other than cash proceeds;

(59) “Obligor” means a person that, with respect to an obligation secured by a security interest in or an agricultural lien on the collateral, (i) owes payment or other performance of the obligation, (ii) has provided property other than the collateral to secure payment or other performance of the obligation, or (iii) is otherwise accountable in whole or in part for payment or other performance of the obligation. The term does not include issuers or nominated persons under a letter of credit;

(60) “Original debtor”, except as used in section 400.9-310(c), means a person that, as debtor, entered into a security agreement to which a new debtor has become bound under section 400.9-203(d);

(61) “Payment intangible” means a general intangible under which the account debtor's principal obligation is a monetary obligation. **The term includes a controllable payment intangible;**

(62) “Person related to”, with respect to an individual, means:

(A) The spouse of the individual;

(B) A brother, brother-in-law, sister, or sister-in-law of the individual;

(C) An ancestor or lineal descendant of the individual or the individual's spouse; or

(D) Any other relative, by blood or marriage, of the individual or the individual's spouse who shares the same home with the individual;

(63) “Person related to”, with respect to an organization, means:

(A) A person directly or indirectly controlling, controlled by, or under common control with the organization;

(B) An officer or director of, or a person performing similar functions with respect to, the organization;

(C) An officer or director of, or a person performing similar functions with respect to, a person described in subparagraph (A);

(D) The spouse of an individual described in subparagraph (A), (B), or (C); or

(E) An individual who is related by blood or marriage to an individual described in subparagraph (A), (B), (C), or (D) and shares the same home with the individual;

(64) "Proceeds", except as used in section 400.9-609(b), means the following property:

(A) Whatever is acquired upon the sale, lease, license, exchange, or other disposition of collateral;

(B) Whatever is collected on, or distributed on account of, collateral;

(C) Rights arising out of collateral;

(D) To the extent of the value of collateral, claims arising out of the loss, nonconformity, or interference with the use of, defects or infringement of rights in, or damage to, the collateral; or

(E) To the extent of the value of collateral and to the extent payable to the debtor or the secured party, insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to, the collateral;

(65) "Promissory note" means an instrument that evidences a promise to pay a monetary obligation, does not evidence an order to pay, and does not contain an acknowledgment by a bank that the bank has received for deposit a sum of money or funds;

(66) "Proposal" means a record authenticated by a secured party which includes the terms on which the secured party is willing to accept collateral in full or partial satisfaction of the obligation it secures pursuant to sections 400.9-620, 400.9-621 and 400.9-622;

(67) "Public organic record" means a record that is available to the public for inspection and is:

(A) A record consisting of the record initially filed with or issued by a state or the United States to form or organize an organization and any record filed with or issued by the state or the United States which amends or restates the initial record;

(B) An organic record of a business trust consisting of the record initially filed with a state and any record filed with the state which amends or restates the initial record, if a statute of the state governing business trusts requires that the record be filed with the state; or

(C) A record consisting of legislation enacted by the legislature of a state or the Congress of the United States which forms or organizes an organization, any record amending the legislation, and any record filed with or issued by the state or the United States which amends or restates the name of the organization;

(68) "Pursuant to commitment", with respect to an advance made or other value given by a secured party, means pursuant to the secured party's obligation, whether or not a subsequent event of default or

other event not within the secured party's control has relieved or may relieve the secured party from its obligation;

(69) "Record", except as used in "for record", "of record", "record or legal title", and "record owner", means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form;

(70) "Registered organization" means an organization formed or organized solely under the law of a single state or the United States by the filing of a public organic record with, the issuance of a public organic record by, or the enactment of legislation by the state or the United States. The term includes a business trust that is formed or organized under the law of a single state if a statute of the state governing business trusts requires that the business trust's organic record be filed with the state;

(71) "Secondary obligor" means an obligor to the extent that:

(A) The obligor's obligation is secondary; or

(B) The obligor has a right of recourse with respect to an obligation secured by collateral against the debtor, another obligor, or property of either;

(72) "Secured party" means:

(A) A person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;

(B) A person that holds an agricultural lien;

(C) A consignor;

(D) A person to which accounts, chattel paper, payment intangibles, or promissory notes have been sold;

(E) A trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security interest or agricultural lien is created or provided for; or

(F) A person that holds a security interest arising under sections 400.2-401, 400.2-505, 400.2-711(3), 400.2A-508(5), 400.4-210 or 400.5-118;

(73) "Security agreement" means an agreement that creates or provides for a security interest;

(74) ["Send", in connection with a record or notification, means:

(A) To deposit in the mail, deliver for transmission, or transmit by any other usual means of communication, with postage or cost of transmission provided for, addressed to any address reasonable under the circumstances; or

(B) To cause the record or notification to be received within the time that it would have been received if properly sent under subparagraph (A);

(75)] "Software" means a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include a computer program that is included in the definition of goods;

[(76)] (75) “State” means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States;

[(77)] (76) “Supporting obligation” means a letter-of-credit right or secondary obligation that supports the payment or performance of an account, chattel paper, a document, a general intangible, an instrument, or investment property;

[(78)] “Tangible chattel paper” means chattel paper evidenced by a record or records consisting of information that is inscribed on a tangible medium;]

(77) “Tangible money” means money in a tangible form;

[(79)] (78) “Termination statement” means an amendment of a financing statement which:

(A) Identifies, by its file number, the initial financing statement to which it relates; and

(B) Indicates either that it is a termination statement or that the identified financing statement is no longer effective;

[(80)] (79) “Transmitting utility” means a person primarily engaged in the business of:

(A) Operating a railroad, subway, street railway, or trolley bus;

(B) Transmitting communications electrically, electromagnetically, or by light;

(C) Transmitting goods by pipeline or sewer; or

(D) Transmitting or producing and transmitting electricity, steam, gas, or water.

(b) “Control” as provided in section 400.8-106 and the following definitions in other articles apply to this article:

“Applicant”	Section 400.5-102.
“Beneficiary”	Section 400.5-102.
“Broker”	Section 400.8-102.
“Certificated security”	Section 400.8-102.
“Check”	Section 400.3-104.
“Clearing corporation”	Section 400.8-102.
“Contract for sale”	Section 400.2-106.
“Controllable electronic record”	Section 400.12-102.

“Customer”	Section 400.4-104.
“Entitlement holder”	Section 400.8-102.
“Financial asset”	Section 400.8-102.
“Holder in due course”	Section 400.3-302.
“Issuer” (with respect to a letter of credit or letter-of-credit right)	Section 400.5-102.
“Issuer” (with respect to a security)	Section 400.8-201.
“Lease”	Section 400.2A-103.
“Lease agreement”	Section 400.2A-103.
“Lease contract”	Section 400.2A-103.
“Leasehold interest”	Section 400.2A-103.
“Lessee”	Section 400.2A-103.
“Lessee in ordinary course of business”	Section 400.2A-103.
“Lessor”	Section 400.2A-103.
“Lessor's residual interest”	Section 400.2A-103.
“Letter of credit”	Section 400.5-102.
“Merchant”	Section 400.2-104.
“Negotiable instrument”	Section 400.3-104.
“Nominated person”	Section 400.5-102.
“Note”	Section 400.3-104.

“Proceeds of a letter of credit”	Section 400.5-114.
“Protected purchaser”	Section 400.8-303.
“Prove”	Section 400.3-103.
“Qualifying purchaser”	Section 400.12-102.
“Sale”	Section 400.2-106.
“Securities account”	Section 400.8-501.
“Securities intermediary”	Section 400.8-102.
“Security”	Section 400.8-102.
“Security certificate”	Section 400.8-102.
“Security entitlement”	Section 400.8-102.
“Uncertificated security”	Section 400.8-102.

(c) This section contains general definitions and principles of construction and interpretation applicable throughout sections 400.9-103 to 400.9-809.

400.9-104. (a) A secured party has control of a deposit account if:

(1) The secured party is the bank with which the deposit account is maintained;

(2) The debtor, secured party, and bank have agreed in [an authenticated] **a signed** record that the bank will comply with instructions originated by the secured party directing disposition of the funds in the account without further consent by the debtor; [or]

(3) The secured party becomes the bank's customer with respect to the deposit account; **or**

(4) Another person, other than the debtor:

(A) Has control of the deposit account and acknowledges that it has control on behalf of the secured party; or

(B) Obtains control of the deposit account after having acknowledged that it will obtain control of the deposit account on behalf of the secured party.

(b) A secured party that has satisfied subsection (a) has control, even if the debtor retains the right to direct the disposition of funds from the deposit account.

400.9-105. (a) A [secured party] **purchaser** has control of **an authoritative electronic copy of a record evidencing** chattel paper if a system employed for evidencing the [transfer] **assignment** of interests in the chattel paper reliably establishes the [secured party] **purchaser** as the person to which the [chattel paper] **authoritative electronic copy** was assigned.

(b) A system satisfies subsection (a) if the record or records [comprising] **evidencing** the chattel paper are created, stored, and assigned in such a manner that:

(1) A single authoritative copy of the record or records exists which is unique, identifiable, and, except as otherwise provided in paragraphs (4), (5), and (6), unalterable;

(2) The authoritative copy identifies the [secured party] **purchaser** as the assignee of the record or records;

(3) The authoritative copy is communicated to and maintained by the [secured party] **purchaser** or its designated custodian;

(4) Copies or amendments that add or change an identified assignee of the authoritative copy can be made only with the consent of the [secured party] **purchaser**;

(5) Each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy; and

(6) Any amendment of the authoritative copy is readily identifiable as authorized or unauthorized.

(c) **A system satisfies subsection (a), and a purchaser has control of an authoritative electronic copy of a record evidencing chattel paper, if the electronic copy, a record attached to or logically associated with the electronic copy, or a system in which the electronic copy is recorded:**

(1) Enables the purchaser readily to identify each electronic copy as either an authoritative copy or a nonauthoritative copy;

(2) Enables the purchaser readily to identify itself in any way, including by name, identifying number, cryptographic key, office, or account number, as the assignee of the authoritative electronic copy; and

(3) Gives the purchaser exclusive power, subject to subsection (d), to:

(A) Prevent others from adding or changing an identified assignee of the authoritative electronic copy; and

(B) Transfer control of the authoritative electronic copy.

(d) Subject to subsection (e), a power is exclusive under subsection (c)(3)(A) and (B) even if:

(1) The authoritative electronic copy, a record attached to or logically associated with the authoritative electronic copy, or a system in which the authoritative electronic copy is recorded limits the use of the authoritative electronic copy or has a protocol programmed to cause a change, including a transfer or loss of control; or

(2) The power is shared with another person.

(e) A power of a purchaser is not shared with another person under subsection (d)(2) and the purchaser's power is not exclusive if:

(1) The purchaser can exercise the power only if the power also is exercised by the other person; and

(2) The other person:

(A) Can exercise the power without exercise of the power by the purchaser; or

(B) Is the transferor to the purchaser of an interest in the chattel paper.

(f) If a purchaser has the powers specified in subsection (c)(3)(A) and (B), the powers are presumed to be exclusive.

(g) A purchaser has control of an authoritative electronic copy of a record evidencing chattel paper if another person, other than the transferor to the purchaser of an interest in the chattel paper:

(1) Has control of the authoritative electronic copy and acknowledges that it has control on behalf of the purchaser; or

(2) Obtains control of the authoritative electronic copy after having acknowledged that it will obtain control of the electronic copy on behalf of the purchaser.

400.9-105A (a) A person has control of electronic money if:

(1) The electronic money, a record attached to or logically associated with the electronic money, or a system in which the electronic money is recorded gives the person:

(A) Power to avail itself of substantially all the benefit from the electronic money; and

(B) Exclusive power, subject to subsection (b), to:

(i) Prevent others from availing themselves of substantially all the benefit from the electronic money; and

(ii) Transfer control of the electronic money to another person or cause another person to obtain control of other electronic money as a result of the transfer of the electronic money; and

(2) The electronic money, a record attached to or logically associated with the electronic money, or a system in which the electronic money is recorded enables the person readily to identify itself in any way, including by name, identifying number, cryptographic key, office, or account number, as having the powers under paragraph (1).

(b) Subject to subsection (c), a power is exclusive under subsection (a)(1)(B)(i) and (ii) even if:

(1) The electronic money, a record attached to or logically associated with the electronic money, or a system in which the electronic money is recorded limits the use of the electronic money or has a protocol programmed to cause a change, including a transfer or loss of control; or

(2) The power is shared with another person.

(c) A power of a person is not shared with another person under subsection (b)(2) and the person's power is not exclusive if:

(1) The person can exercise the power only if the power also is exercised by the other person; and

(2) The other person:

(A) Can exercise the power without exercise of the power by the person; or

(B) Is the transferor to the person of an interest in the electronic money.

(d) If a person has the powers specified in subsection (a)(1)(B)(i) and (ii), the powers are presumed to be exclusive.

(e) A person has control of electronic money if another person, other than the transferor to the person of an interest in the electronic money:

(1) Has control of the electronic money and acknowledges that it has control on behalf of the person; or

(2) Obtains control of the electronic money after having acknowledged that it will obtain control of the electronic money on behalf of the person.

400.9-107A (a) A secured party has control of a controllable electronic record as provided in Section 400.12-105.

(b) A secured party has control of a controllable account or controllable payment intangible if the secured party has control of the controllable electronic record that evidences the controllable account or controllable payment intangible.

400.9-107B (a) A person that has control under section 400.9-104, 400.9-105, or 400.9-105A is not required to acknowledge that it has control on behalf of another person.

(b) If a person acknowledges that it has or will obtain control on behalf of another person, unless the person otherwise agrees or law other than this article otherwise provides, the person does not owe any duty to the other person and is not required to confirm the acknowledgment to any other person.

400.9-203. (a) A security interest attaches to collateral when it becomes enforceable against the debtor with respect to the collateral, unless an agreement expressly postpones the time of attachment.

(b) Except as otherwise provided in subsections (c) through (i), a security interest is enforceable against the debtor and third parties with respect to the collateral only if:

(1) Value has been given;

(2) The debtor has rights in the collateral or the power to transfer rights in the collateral to a secured party; and

(3) One of the following conditions is met:

(A) The debtor has [authenticated] **signed** a security agreement that provides a description of the collateral and, if the security interest covers timber to be cut, a description of the land concerned;

(B) The collateral is not a certificated security and is in the possession of the secured party under section 400.9-313 pursuant to the debtor's security agreement;

(C) The collateral is a certificated security in registered form and the security certificate has been delivered to the secured party under section 400.8-301 pursuant to the debtor's security agreement; [or]

(D) The collateral is **controllable accounts, controllable electronic records, controllable payment intangibles**, deposit accounts, [electronic chattel paper,] **electronic documents, electronic money**, investment property, or letter-of-credit rights, and the secured party has control under section 400.9-104, [400.9-105,] **400.9-105A**, 400.9-106 [or], 400.9-107, **or 400.9-107A** pursuant to the debtor's security agreement; **or**

(E) The collateral is chattel paper and the secured party has possession and control under section 400.9-314A pursuant to the debtor's security agreement.

(c) Subsection (b) is subject to section 400.4-210 on the security interest of a collecting bank, section 400.5-118 on the security interest of a letter-of-credit issuer or nominated person, section 400.9-110 on a security interest arising under article 2 or 2A, and section 400.9-206 on security interests in investment property.

(d) A person becomes bound as debtor by a security agreement entered into by another person if, by operation of law other than this article or by contract:

(1) The security agreement becomes effective to create a security interest in the person's property; or

(2) The person becomes generally obligated for the obligations of the other person, including the obligation secured under the security agreement, and acquires or succeeds to all or substantially all of the assets of the other person.

(e) If a new debtor becomes bound as debtor by a security agreement entered into by another person:

(1) The agreement satisfies subsection (b)(3) with respect to existing or after-acquired property of the new debtor to the extent the property is described in the agreement; and

(2) Another agreement is not necessary to make a security interest in the property enforceable.

(f) The attachment of a security interest in collateral gives the secured party the rights to proceeds provided by section 400.9-315 and is also attachment of a security interest in a supporting obligation for the collateral.

(g) The attachment of a security interest in a right to payment or performance secured by a security interest or other lien on personal or real property is also attachment of a security interest in the security interest, mortgage, or other lien.

(h) The attachment of a security interest in a securities account is also attachment of a security interest in the security entitlements carried in the securities account.

(i) The attachment of a security interest in a commodity account is also attachment of a security interest in the commodity contracts carried in the commodity account.

400.9-204. (a) Except as otherwise provided in subsection (b), a security agreement may create or provide for a security interest in after-acquired collateral.

(b) [A] **Subject to subsection (b.1), a security interest does not attach under a term constituting an after-acquired property clause to:**

(1) Consumer goods, other than an accession when given as additional security, unless the debtor acquires rights in them within ten days after the secured party gives value; or

(2) A commercial tort claim.

(b.1) Subsection (b) does not prevent a security interest from attaching:

(1) To consumer goods as proceeds under Section 400.9-315(a) or commingled goods under Section 400.9-336(c);

(2) To a commercial tort claim as proceeds under Section 400.9-315(a); or

(3) Under an after-acquired property clause to property that is proceeds of consumer goods or a commercial tort claim.

(c) A security agreement may provide that collateral secures, or that accounts, chattel paper, payment intangibles, or promissory notes are sold in connection with, future advances or other value, whether or not the advances or value are given pursuant to commitment.

400.9-207. (a) Except as otherwise provided in subsection (d), a secured party shall use reasonable care in the custody and preservation of collateral in the secured party's possession. In the case of chattel paper or an instrument, reasonable care includes taking necessary steps to preserve rights against prior parties unless otherwise agreed.

(b) Except as otherwise provided in subsection (d), if a secured party has possession of collateral:

(1) Reasonable expenses, including the cost of insurance and payment of taxes or other charges, incurred in the custody, preservation, use, or operation of the collateral are chargeable to the debtor and are secured by the collateral;

(2) The risk of accidental loss or damage is on the party having possession of the collateral;

(3) The secured party shall keep the collateral identifiable, but fungible collateral may be commingled; and

(4) The secured party may use or operate the collateral:

(A) For the purpose of preserving the collateral or its value;

(B) As permitted by an order of a court having competent jurisdiction; or

(C) Except in the case of consumer goods, in the manner and to the extent agreed by the debtor.

(c) Except as otherwise provided in subsection (d), a secured party having possession of collateral or control of collateral under section 400.9-104, 400.9-105, **400.9-105A**, 400.9-106 [or], 400.9-107, or **400.9-107A**:

(1) May hold as additional security any proceeds, except money or funds, received from the collateral;

(2) Shall apply money or funds received from the collateral to reduce the secured obligation, unless remitted to the debtor; and

(3) May create a security interest in the collateral.

(d) If the secured party is a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor:

(1) Subsection (a) does not apply unless the secured party is entitled under an agreement:

(A) To charge back uncollected collateral; or

(B) Otherwise to full or limited recourse against the debtor or a secondary obligor based on the nonpayment or other default of an account debtor or other obligor on the collateral; and

(2) Subsections (b) and (c) do not apply.

400.9-208. (a) This section applies to cases in which there is no outstanding secured obligation and the secured party is not committed to make advances, incur obligations, or otherwise give value.

(b) Within ten days after receiving [an authenticated] **a signed** demand by the debtor:

(1) A secured party having control of a deposit account under section 400.9-104(a)(2) shall send to the bank with which the deposit account is maintained [an authenticated statement] **a signed record** that releases the bank from any further obligation to comply with instructions originated by the secured party;

(2) A secured party having control of a deposit account under section 400.9-104(a)(3) shall:

(A) Pay the debtor the balance on deposit in the deposit account; or

(B) Transfer the balance on deposit into a deposit account in the debtor's name;

(3) A secured party, other than a buyer, having control [of electronic chattel paper] under section 400.9-105 **of an authoritative electronic copy of a record evidencing chattel paper** [shall:

(A) Communicate the authoritative copy of the electronic chattel paper to the debtor or its designated custodian;

(B) If the debtor designates a custodian that is the designated custodian with which the authoritative copy of the electronic chattel paper is maintained for the secured party, communicate to the custodian an authenticated record releasing the designated custodian from any further obligation to comply with instructions originated by the secured party and instructing the custodian to comply with instructions originated by the debtor; and

(C) Take appropriate action to enable the debtor or its designated custodian to make copies of or revisions to the authoritative copy which add or change an identified assignee of the authoritative copy

without the consent of the secured party] **shall transfer control of the electronic copy to the debtor or a person designated by the debtor;**

(4) A secured party having control of investment property under section 400.8-106(d)(2) or 400.9-106(b) shall send to the securities intermediary or commodity intermediary with which the security entitlement or commodity contract is maintained [an authenticated] **a signed** record that releases the securities intermediary or commodity intermediary from any further obligation to comply with entitlement orders or directions originated by the secured party; [and]

(5) A secured party having control of a letter-of-credit right under section 400.9-107 shall send to each person having an unfulfilled obligation to pay or deliver proceeds of the letter of credit to the secured party [an authenticated] **a signed** release from any further obligation to pay or deliver proceeds of the letter of credit to the secured party;

(6) A secured party having control under section 400.7-106 of an authoritative electronic copy of an electronic document shall transfer control of the electronic copy to the debtor or a person designated by the debtor;

(7) A secured party having control under section 400.9-105A of electronic money shall transfer control of the electronic money to the debtor or a person designated by the debtor; and

(8) A secured party having control under section 400.12-105 of a controllable electronic record, other than a buyer of a controllable account or controllable payment intangible evidenced by the controllable electronic record, shall transfer control of the controllable electronic record to the debtor or a person designated by the debtor.

400.9-209. (a) Except as otherwise provided in subsection (c), this section applies if:

(1) There is no outstanding secured obligation; and

(2) The secured party is not committed to make advances, incur obligations, or otherwise give value.

(b) Within ten days after receiving [an authenticated] **a signed** demand by the debtor, a secured party shall send to an account debtor that has received notification **under section 400.9-406(a) or 400.12-106(b)** of an assignment to the secured party as assignee [under section 400.9-406(a) an authenticated] **a signed** record that releases the account debtor from any further obligation to the secured party.

(c) This section does not apply to an assignment constituting the sale of an account, chattel paper, or payment intangible.

400.9-210. (a) In this section:

(1) “Request” means a record of a type described in paragraph (2),(3), or (4);

(2) “Request for an accounting” means a record [authenticated] **signed** by a debtor requesting that the recipient provide an accounting of the unpaid obligations secured by collateral and reasonably identifying the transaction or relationship that is the subject of the request;

(3) “Request regarding a list of collateral” means a record [authenticated] **signed** by a debtor requesting that the recipient approve or correct a list of what the debtor believes to be the collateral

securing an obligation and reasonably identifying the transaction or relationship that is the subject of the request;

(4) “Request regarding a statement of account” means a record [authenticated] **signed** by a debtor requesting that the recipient approve or correct a statement indicating what the debtor believes to be the aggregate amount of unpaid obligations secured by collateral as of a specified date and reasonably identifying the transaction or relationship that is the subject of the request.

(b) Subject to subsections (c), (d), (e), and (f), a secured party, other than a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor, shall comply with a request within fourteen days after receipt:

(1) In the case of a request for an accounting, by [authenticating] **signing** and sending to the debtor an accounting; and

(2) In the case of a request regarding a list of collateral or a request regarding a statement of account, by [authenticating] **signing** and sending to the debtor an approval or correction.

(c) A secured party that claims a security interest in all of a particular type of collateral owned by the debtor may comply with a request regarding a list of collateral by sending to the debtor [an authenticated] **a signed** record including a statement to that effect within fourteen days after receipt.

(d) A person that receives a request regarding a list of collateral, claims no interest in the collateral when it receives the request, and claimed an interest in the collateral at an earlier time shall comply with the request within fourteen days after receipt by sending to the debtor [an authenticated] **a signed** record:

(1) Disclaiming any interest in the collateral; and

(2) If known to the recipient, providing the name and mailing address of any assignee of or successor to the recipient's security interest in the collateral.

(e) A person that receives a request for an accounting or a request regarding a statement of account, claims no interest in the obligations when it receives the request, and claimed an interest in the obligations at an earlier time shall comply with the request within fourteen days after receipt by sending to the debtor [an authenticated] **a signed** record:

(1) Disclaiming any interest in the obligations; and

(2) If known to the recipient, providing the name and mailing address of any assignee of or successor to the recipient's interest in the obligations.

(f) A debtor is entitled without charge to one response to a request under this section during any six-month period. The secured party may require payment of a charge not exceeding twenty-five dollars for each additional response.

400.9-301. Except as otherwise provided in sections 400.9-303 through [400.9-306] **400.9-306B**, the following rules determine the law governing perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral:

(1) Except as otherwise provided in this section, while a debtor is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral;

(2) While collateral is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a possessory security interest in that collateral;

(3) Except as otherwise provided in paragraph (4), while negotiable **tangible** documents, goods, instruments, **or tangible** money[, or tangible chattel paper] is located in a jurisdiction, the local law of that jurisdiction governs:

(A) Perfection of a security interest in the goods by filing a fixture filing;

(B) Perfection of a security interest in timber to be cut; and

(C) The effect of perfection or nonperfection and the priority of a nonpossessory security interest in the collateral;

(4) The local law of the jurisdiction in which the wellhead or minehead is located governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in as-extracted collateral.

400.9-304. (a) The local law of a bank's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a deposit account maintained with that bank **even if the transaction does not bear any relation to the bank's jurisdiction.**

(b) The following rules determine a bank's jurisdiction for purposes of this part:

(1) If an agreement between the bank and the debtor governing the deposit account expressly provides that a particular jurisdiction is the bank's jurisdiction for purposes of this part, this article, or this chapter, that jurisdiction is the bank's jurisdiction;

(2) If paragraph (1) does not apply and an agreement between the bank and its customer governing the deposit account expressly provides that the agreement is governed by the law of a particular jurisdiction, that jurisdiction is the bank's jurisdiction;

(3) If neither paragraph (1) nor paragraph (2) applies and an agreement between the bank and its customer governing the deposit account expressly provides that the deposit account is maintained at an office in a particular jurisdiction, that jurisdiction is the bank's jurisdiction;

(4) If none of the preceding paragraphs applies, the bank's jurisdiction is the jurisdiction in which the office identified in an account statement as the office serving the customer's account is located;

(5) If none of the preceding paragraphs applies, the bank's jurisdiction is the jurisdiction in which the chief executive office of the bank is located.

400.9-305. (a) Except as otherwise provided in subsection (c), the following rules apply:

(1) While a security certificate is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in the certificated security represented thereby;

(2) The local law of the issuer's jurisdiction as specified in section 400.8-110(d) governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in an uncertificated security;

(3) The local law of the securities intermediary's jurisdiction as specified in section 400.8-110(e) governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a security entitlement or securities account;

(4) The local law of the commodity intermediary's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a commodity contract or commodity account;

(5) Paragraphs (2), (3), and (4) apply even if the transaction does not bear any relation to the jurisdiction.

(b) The following rules determine a commodity intermediary's jurisdiction for purposes of this part:

(1) If an agreement between the commodity intermediary and commodity customer governing the commodity account expressly provides that a particular jurisdiction is the commodity intermediary's jurisdiction for purposes of this part, this article, or this chapter, that jurisdiction is the commodity intermediary's jurisdiction;

(2) If paragraph (1) does not apply and an agreement between the commodity intermediary and commodity customer governing the commodity account expressly provides that the agreement is governed by the law of a particular jurisdiction, that jurisdiction is the commodity intermediary's jurisdiction;

(3) If neither paragraph (1) nor paragraph (2) applies and an agreement between the commodity intermediary and commodity customer governing the commodity account expressly provides that the commodity account is maintained at an office in a particular jurisdiction, that jurisdiction is the commodity intermediary's jurisdiction;

(4) If none of the preceding paragraphs applies, the commodity intermediary's jurisdiction is the jurisdiction in which the office identified in an account statement as the office serving the commodity customer's account is located;

(5) If none of the preceding paragraphs applies, the commodity intermediary's jurisdiction is the jurisdiction in which the chief executive office of the commodity intermediary is located.

(c) The local law of the jurisdiction in which the debtor is located governs:

(1) Perfection of a security interest in investment property by filing;

(2) Automatic perfection of a security interest in investment property created by a broker or securities intermediary; and

(3) Automatic perfection of a security interest in a commodity contract or commodity account created by a commodity intermediary.

400.9-306A (a) Except as provided in subsection (d), if chattel paper is evidenced only by an authoritative electronic copy of the chattel paper or is evidenced by an authoritative electronic copy and an authoritative tangible copy, the local law of the chattel paper's jurisdiction governs

perfection, the effect of perfection or nonperfection, and the priority of a security interest in the chattel paper, even if the transaction does not bear any relation to the chattel paper's jurisdiction.

(b) The following rules determine the chattel paper's jurisdiction under this section:

(1) If the authoritative electronic copy of the record evidencing chattel paper, or a record attached to or logically associated with the electronic copy and readily available for review, expressly provides that a particular jurisdiction is the chattel paper's jurisdiction for purposes of this part, this article, or this chapter, that jurisdiction is the chattel paper's jurisdiction.

(2) If paragraph (1) does not apply and the rules of the system in which the authoritative electronic copy is recorded are readily available for review and expressly provide that a particular jurisdiction is the chattel paper's jurisdiction for purposes of this part, this article, or this chapter, that jurisdiction is the chattel paper's jurisdiction.

(3) If paragraphs (1) and (2) do not apply and the authoritative electronic copy, or a record attached to or logically associated with the electronic copy and readily available for review, expressly provides that the chattel paper is governed by the law of a particular jurisdiction, that jurisdiction is the chattel paper's jurisdiction.

(4) If paragraphs (1), (2), and (3) do not apply and the rules of the system in which the authoritative electronic copy is recorded are readily available for review and expressly provide that the chattel paper or the system is governed by the law of a particular jurisdiction, that jurisdiction is the chattel paper's jurisdiction.

(5) If paragraphs (1) through (4) do not apply, the chattel paper's jurisdiction is the jurisdiction in which the debtor is located.

(c) If an authoritative tangible copy of a record evidences chattel paper and the chattel paper is not evidenced by an authoritative electronic copy, while the authoritative tangible copy of the record evidencing chattel paper is located in a jurisdiction, the local law of that jurisdiction governs:

(1) Perfection of a security interest in the chattel paper by possession under section 400.9-314A; and

(2) The effect of perfection or nonperfection and the priority of a security interest in the chattel paper.

(d) The local law of the jurisdiction in which the debtor is located governs perfection of a security interest in chattel paper by filing.

400.9-306B (a) Except as provided in subsection (b), the local law of the controllable electronic record's jurisdiction specified in section 400.12-107(c) and (d) governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a controllable electronic record and a security interest in a controllable account or controllable payment intangible evidenced by the controllable electronic record.

(b) The local law of the jurisdiction in which the debtor is located governs:

(1) Perfection of a security interest in a controllable account, controllable electronic record, or controllable payment intangible by filing; and

(2) Automatic perfection of a security interest in a controllable payment intangible created by a sale of the controllable payment intangible.

400.9-310. (a) Except as otherwise provided in subsection (b) and section 400.9-312(b), a financing statement must be filed to perfect all security interests and agricultural liens.

(b) The filing of a financing statement is not necessary to perfect a security interest:

(1) That is perfected under section 400.9-308(c), (d), (e) or (f);

(2) That is perfected under section 400.9-309 when it attaches;

(3) In property subject to a statute, regulation, or treaty described in section 400.9-311(a);

(4) In goods in possession of a bailee which is perfected under section 400.9-312(d)(1) or (2);

(5) In certificated securities, documents, goods, or instruments which is perfected without filing or possession under section 400.9-312(e), (f), or (g);

(6) In collateral in the secured party's possession under section 400.9-313;

(7) In a certificated security which is perfected by delivery of the security certificate to the secured party under section 400.9-313;

(8) In **controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, [electronic chattel paper,] electronic documents,** investment property, or letter-of-credit rights which is perfected by control under section 400.9-314;

(8.1) In chattel paper which is perfected by possession and control under section 400.9-314A;

(9) In proceeds which is perfected under section 400.9-315; or

(10) That is perfected under section 400.9-316.

(c) If a secured party assigns a perfected security interest or agricultural lien, a filing under this article is not required to continue the perfected status of the security interest against creditors of and transferees from the original debtor.

400.9-312. (a) A security interest in chattel paper, [negotiable documents,] **controllable accounts, controllable electronic records, controllable payment intangibles,** instruments, [or] investment property, **or negotiable documents** may be perfected by filing.

(b) Except as otherwise provided in section 400.9-315(c) and (d) for proceeds:

(1) A security interest in a deposit account may be perfected only by control under section 400.9-314;

(2) And except as otherwise provided in section 400.9-308(c), a security interest in a letter-of-credit right may be perfected only by control under section 400.9-314; [and]

(3) A security interest in **tangible** money may be perfected only by the secured party's taking possession under section 400.9-313; **and**

(4) A security interest in electronic money may be perfected only by control under section 400.9-314.

(c) While goods are in the possession of a bailee that has issued a negotiable document covering the goods:

(1) A security interest in the goods may be perfected by perfecting a security interest in the document; and

(2) A security interest perfected in the document has priority over any security interest that becomes perfected in the goods by another method during that time.

(d) While goods are in the possession of a bailee that has issued a nonnegotiable document covering the goods, a security interest in the goods may be perfected by:

(1) Issuance of a document in the name of the secured party;

(2) The bailee's receipt of notification of the secured party's interest; or

(3) Filing as to the goods.

(e) A security interest in certificated securities, negotiable documents, or instruments is perfected without filing or the taking of possession for a period of twenty days from the time it attaches to the extent that it arises for new value given under [an authenticated] **a signed** security agreement.

(f) A perfected security interest in a negotiable document or goods in possession of a bailee, other than one that has issued a negotiable document for the goods, remains perfected for twenty days without filing if the secured party makes available to the debtor the goods or documents representing the goods for the purpose of:

(1) Ultimate sale or exchange; or

(2) Loading, unloading, storing, shipping, transshipping, manufacturing, processing, or otherwise dealing with them in a manner preliminary to their sale or exchange.

(g) A perfected security interest in a certificated security or instrument remains perfected for twenty days without filing if the secured party delivers the security certificate or instrument to the debtor for the purpose of:

(1) Ultimate sale or exchange; or

(2) Presentation, collection, enforcement, renewal, or registration of transfer.

(h) After the twenty-day period specified in subsection (e), (f), or (g) expires, perfection depends upon compliance with this article.

400.9-313. (a) Except as otherwise provided in subsection (b), a secured party may perfect a security interest in [negotiable documents,] goods, instruments, **negotiable tangible documents, or tangible money**[, or tangible chattel paper] by taking possession of the collateral. A secured party may perfect a

security interest in certificated securities by taking delivery of the certificated securities under section 400.8-301.

(b) With respect to goods covered by a certificate of title issued by this state, a secured party may perfect a security interest in the goods by taking possession of the goods only in the circumstances described in section 400.9-316(d).

(c) With respect to collateral other than certificated securities and goods covered by a document, a secured party takes possession of collateral in the possession of a person other than the debtor, the secured party, or a lessee of the collateral from the debtor in the ordinary course of the debtor's business, when:

(1) The person in possession [authenticates] **signs** a record acknowledging that it holds possession of the collateral for the secured party's benefit; or

(2) The person takes possession of the collateral after having [authenticated] **signed** a record acknowledging that it will hold possession of **the** collateral for the secured party's benefit.

(d) If perfection of a security interest depends upon possession of the collateral by a secured party, perfection occurs [no] **not** earlier than the time the secured party takes possession and continues only while the secured party retains possession.

(e) A security interest in a certificated security in registered form is perfected by delivery when delivery of the certificated security occurs under section 400.8-301 and remains perfected by delivery until the debtor obtains possession of the security certificate.

(f) A person in possession of collateral is not required to acknowledge that it holds possession for a secured party's benefit.

(g) If a person acknowledges that it holds possession for the secured party's benefit:

(1) The acknowledgment is effective under subsection (c) or section 400.8-301(a), even if the acknowledgment violates the rights of a debtor; and

(2) Unless the person otherwise agrees or law other than this article otherwise provides, the person does not owe any duty to the secured party and is not required to confirm the acknowledgment to another person.

(h) A secured party having possession of collateral does not relinquish possession by delivering the collateral to a person other than the debtor or a lessee of the collateral from the debtor in the ordinary course of the debtor's business if the person was instructed before the delivery or is instructed contemporaneously with the delivery:

(1) To hold possession of the collateral for the secured party's benefit; or

(2) To redeliver the collateral to the secured party.

(i) A secured party does not relinquish possession, even if a delivery under subsection (h) violates the rights of a debtor. A person to which collateral is delivered under subsection (h) does not owe any duty to the secured party and is not required to confirm the delivery to another person unless the person otherwise agrees or law other than this article otherwise provides.

400.9-314. (a) A security interest in [investment property, deposit accounts, letter-of-credit rights, or electronic chattel paper] **controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, electronic documents, electronic money, investment property, or letter-of-credit rights** may be perfected by control of the collateral under section 400.9-104, [400.9-105,] **400.9-105A**, 400.9-106 [or] 400.9-107, **or 400.9-107A**.

(b) A security interest in [deposit accounts, electronic chattel paper, or letter-of-credit rights] **controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, electronic documents, electronic money, or letter-of-credit rights** is perfected by control under section **400.7-106**, 400.9-104, [400.9-105 or] **400.9-105A**, 400.9-107 [when], **or 400.9-107A not earlier than the time** the secured party obtains control and remains perfected by control only while the secured party retains control.

(c) A security interest in investment property is perfected by control under section 400.9-106 [from] **not earlier than** the time the secured party obtains control and remains perfected by control until:

(1) The secured party does not have control; and

(2) One of the following occurs:

(A) If the collateral is a certificated security, the debtor has or acquires possession of the security certificate;

(B) If the collateral is an uncertificated security, the issuer has registered or registers the debtor as the registered owner; or

(C) If the collateral is a security entitlement, the debtor is or becomes the entitlement holder.

400.9-314A (a) A secured party may perfect a security interest in chattel paper by taking possession of each authoritative tangible copy of the record evidencing the chattel paper and obtaining control of each authoritative electronic copy of the electronic record evidencing the chattel paper.

(b) A security interest is perfected under subsection (a) not earlier than the time the secured party takes possession and obtains control and remains perfected under subsection (a) only while the secured party retains possession and control.

(c) Section 400.9-313(c) and (f) through (i) applies to perfection by possession of an authoritative tangible copy of a record evidencing chattel paper.

400.9-316. (a) A security interest perfected pursuant to the law of the jurisdiction designated in section 400.9-301(1) [or], 400.9-305(c), **400.9-306A(d), or 400.9-306B(b)** remains perfected until the earliest of:

(1) The time perfection would have ceased under the law of that jurisdiction;

(2) The expiration of four months after a change of the debtor's location to another jurisdiction; or

(3) The expiration of one year after a transfer of collateral to a person that thereby becomes a debtor and is located in another jurisdiction.

(b) If a security interest described in subsection (a) becomes perfected under the law of the other jurisdiction before the earliest time or event described in that subsection, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earliest time or event, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

(c) A possessory security interest in collateral, other than goods covered by a certificate of title and as-extracted collateral consisting of goods, remains continuously perfected if:

(1) The collateral is located in one jurisdiction and subject to a security interest perfected under the law of that jurisdiction;

(2) Thereafter the collateral is brought into another jurisdiction; and

(3) Upon entry into the other jurisdiction, the security interest is perfected under the law of the other jurisdiction.

(d) Except as otherwise provided in subsection (e), a security interest in goods covered by a certificate of title which is perfected by any method under the law of another jurisdiction when the goods become covered by a certificate of title from this state remains perfected until the security interest would have become unperfected under the law of the other jurisdiction had the goods not become so covered.

(e) A security interest described in subsection (d) becomes unperfected as against a purchaser of the goods for value and is deemed never to have been perfected as against a purchaser of the goods for value if the applicable requirements for perfection under section 400.9-311(b) or 400.9-313 are not satisfied before the earlier of:

(1) The time the security interest would have become unperfected under the law of the other jurisdiction had the goods not become covered by a certificate of title from this state; or

(2) The expiration of four months after the goods had become so covered.

(f) A security interest in **chattel paper, controllable accounts, controllable electronic records, controllable payment intangibles**, deposit accounts, letter-of-credit rights, or investment property which is perfected under the law of the **chattel paper's jurisdiction, the controllable electronic record's jurisdiction, the** bank's jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction, the securities intermediary's jurisdiction, or the commodity intermediary's jurisdiction, as applicable, remains perfected until the earlier of:

(1) The time the security interest would have become unperfected under the law of that jurisdiction;
or

(2) The expiration of four months after a change of the applicable jurisdiction to another jurisdiction.

(g) If a security interest described in subsection (f) becomes perfected under the law of the other jurisdiction before the earlier of the time or the end of the period described in that subsection, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier of that time or the end of that period, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

(h) The following rules apply to collateral to which a security interest attaches within four months after the debtor changes its location to another jurisdiction:

(1) A financing statement filed before the change pursuant to the law of the jurisdiction designated in section 400.9-301(1) or 400.9-305(c) is effective to perfect a security interest in the collateral if the financing statement would have been effective to perfect a security interest in the collateral had the debtor not changed its location.

(2) If a security interest perfected by a financing statement that is effective under paragraph (1) becomes perfected under the law of the other jurisdiction before the earlier of the time the financing statement would have become ineffective under the law of the jurisdiction designated in section 400.9-301(1) or 400.9-305(c) or the expiration of the four-month period, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier time or event, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

(i) If a financing statement naming an original debtor is filed pursuant to the law of the jurisdiction designated in section 400.9-301(1) or 400.9-305(c) and the new debtor is located in another jurisdiction, the following rules apply:

(1) The financing statement is effective to perfect a security interest in collateral acquired by the new debtor before, and within four months after, the new debtor becomes bound under section 400.9-203(d), if the financing statement would have been effective to perfect a security interest in the collateral had the collateral been acquired by the original debtor.

(2) A security interest perfected by the financing statement and which becomes perfected under the law of the other jurisdiction before the earlier of the time the financing statement would have become ineffective under the law of the jurisdiction designated in section 400.9-301(1) or 400.9-305(c) or the expiration of the four-month period remains perfected thereafter. A security interest that is perfected by the financing statement but that does not become perfected under the law of the other jurisdiction before the earlier time or event becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

400.9-317. (a) A security interest or agricultural lien is subordinate to the rights of:

(1) A person entitled to priority under section 400.9-322; and

(2) Except as otherwise provided in subsection (e), a person that becomes a lien creditor before the earlier of the time:

(A) The security interest or agricultural lien is perfected; or

(B) One of the conditions specified in section 400.9-203(b)(3) is met and a financing statement covering the collateral is filed.

(b) Except as otherwise provided in subsection (e), a buyer, other than a secured party, [of tangible chattel paper, documents,] **of** goods, instruments, **tangible documents**, or a [certificated] security **certificate** takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

(c) Except as otherwise provided in subsection (e), a lessee of goods takes free of a security interest or agricultural lien if the lessee gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

(d) **Subject to subsections (f) through (i)**, a licensee of a general intangible or a buyer, other than a secured party, of collateral other than [tangible chattel paper, tangible documents,] **electronic money**, goods, instruments, **tangible documents**, or a certificated security takes free of a security interest if the licensee or buyer gives value without knowledge of the security interest and before it is perfected.

(e) Except as otherwise provided in sections 400.9-320 and 400.9-321, if a person files a financing statement with respect to a purchase-money security interest before or within twenty days after the debtor receives delivery of the collateral, the security interest takes priority over the rights of a buyer, lessee, or lien creditor which arise between the time the security interest attaches and the time of filing.

(f) A buyer, other than a secured party, of chattel paper takes free of a security interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and:

(1) Receives delivery of each authoritative tangible copy of the record evidencing the chattel paper; and

(2) If each authoritative electronic copy of the record evidencing the chattel paper can be subjected to control under section 400.9-105, obtains control of each authoritative electronic copy.

(g) A buyer of an electronic document takes free of a security interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and, if each authoritative electronic copy of the document can be subjected to control under section 400.7-106, obtains control of each authoritative electronic copy.

(h) A buyer of a controllable electronic record takes free of a security interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and obtains control of the controllable electronic record.

(i) A buyer, other than a secured party, of a controllable account or a controllable payment intangible takes free of a security interest if, without knowledge of the security interest and before it is perfected, the buyer gives value and obtains control of the controllable account or controllable payment intangible.

400.9-323. (a) Except as otherwise provided in subsection (c), for purposes of determining the priority of a perfected security interest under section 400.9-322(a)(1), perfection of the security interest dates from the time an advance is made to the extent that the security interest secures an advance that:

(1) Is made while the security interest is perfected only:

(A) Under section 400.9-309 when it attaches; or

(B) Temporarily under section 400.9-312(e), (f), or (g); and

(2) Is not made pursuant to a commitment entered into before or while the security interest is perfected by a method other than under section 400.9-309 or 400.9-312(e), (f), or (g).

(b) Except as otherwise provided in subsection (c), a security interest is subordinate to the rights of a person that becomes a lien creditor to the extent that the security interest secures an advance made more than forty-five days after the person becomes a lien creditor unless the advance is made:

- (1) Without knowledge of the lien; or
- (2) Pursuant to a commitment entered into without knowledge of the lien.

(c) Subsections (a) and (b) do not apply to a security interest held by a secured party that is a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor.

(d) Except as otherwise provided in subsection (e), a buyer of goods [other than a buyer in ordinary course of business] takes free of a security interest to the extent that it secures advances made after the earlier of:

- (1) The time the secured party acquires knowledge of the buyer's purchase; or
- (2) Forty-five days after the purchase.

(e) Subsection (d) does not apply if the advance is made pursuant to a commitment entered into without knowledge of the buyer's purchase and before the expiration of the forty-five-day period.

(f) Except as otherwise provided in subsection (g), a lessee of goods[, other than a lessee in ordinary course of business,] takes the leasehold interest free of a security interest to the extent that it secures advances made after the earlier of:

- (1) The time the secured party acquires knowledge of the lease; or
- (2) Forty-five days after the lease contract becomes enforceable.

(g) Subsection (f) does not apply if the advance is made pursuant to a commitment entered into without knowledge of the lease and before the expiration of the forty-five-day period.

400.9-324. (a) Except as otherwise provided in subsection (g), a perfected purchase-money security interest in goods other than inventory or livestock has priority over a conflicting security interest in the same goods, and, except as otherwise provided in section 400.9-327, a perfected security interest in its identifiable proceeds also has priority, if the purchase-money security interest is perfected when the debtor receives possession of the collateral or within twenty days thereafter.

(b) Subject to subsection (c) and except as otherwise provided in subsection (g), a perfected purchase-money security interest in inventory has priority over a conflicting security interest in the same inventory, has priority over a conflicting security interest in chattel paper or an instrument constituting proceeds of the inventory and in proceeds of the chattel paper, if so provided in section 400.9-330, and, except as otherwise provided in section 400.9-327, also has priority in identifiable cash proceeds of the inventory to the extent the identifiable cash proceeds are received on or before the delivery of the inventory to a buyer, if:

(1) The purchase-money security interest is perfected when the debtor receives possession of the inventory;

(2) The purchase-money secured party sends [an authenticated] **a signed** notification to the holder of the conflicting security interest;

(3) The holder of the conflicting security interest receives the notification within five years before the debtor receives possession of the inventory; and

(4) The notification states that the person sending the notification has or expects to acquire a purchase-money security interest in inventory of the debtor and describes the inventory.

(c) Subsections (b)(2) through (4) apply only if the holder of the conflicting security interest had filed a financing statement covering the same types of inventory:

(1) If the purchase-money security interest is perfected by filing, before the date of the filing; or

(2) If the purchase-money security interest is temporarily perfected without filing or possession under section 400.9-312(f), before the beginning of the twenty-day period thereunder.

(d) Subject to subsection (e) and except as otherwise provided in subsection (g), a perfected purchase-money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in section 400.9-327, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:

(1) The purchase-money security interest is perfected when the debtor receives possession of the livestock;

(2) The purchase-money secured party sends [an authenticated] **a signed** notification to the holder of the conflicting security interest;

(3) The holder of the conflicting security interest receives the notification within six months before the debtor receives possession of the livestock; and

(4) The notification states that the person sending the notification has or expects to acquire a purchase-money security interest in livestock of the debtor and describes the livestock.

(e) Subsections (d)(2) through (4) apply only if the holder of the conflicting security interest had filed a financing statement covering the same types of livestock:

(1) If the purchase-money security interest is perfected by filing, before the date of the filing; or

(2) If the purchase-money security interest is temporarily perfected without filing or possession under section 400.9-312(f), before the beginning of the twenty-day period thereunder.

(f) Except as otherwise provided in subsection (g), a perfected purchase-money security interest in software has priority over a conflicting security interest in the same collateral, and, except as otherwise provided in section 400.9-327, a perfected security interest in its identifiable proceeds also has priority, to the extent that the purchase-money security interest in the goods in which the software was acquired for use has priority in the goods and proceeds of the goods under this section.

(g) If more than one security interest qualifies for priority in the same collateral under subsection (a), (b), (d), or (f):

(1) A security interest securing an obligation incurred as all or part of the price of the collateral has priority over a security interest securing an obligation incurred for value given to enable the debtor to acquire rights in or the use of collateral; and

(2) In all other cases, section 400.9-322(a) applies to the qualifying security interests.

400.9-326A A security interest in a controllable account, controllable electronic record, or controllable payment intangible held by a secured party having control of the account, electronic record, or payment intangible has priority over a conflicting security interest held by a secured party that does not have control.

400.9-330. (a) A purchaser of chattel paper has priority over a security interest in the chattel paper which is claimed merely as proceeds of inventory subject to a security interest if:

(1) In good faith and in the ordinary course of the purchaser's business, the purchaser gives new value [and], takes possession of **each authoritative tangible copy of the record evidencing** the chattel paper [or], **and** obtains control [of] **under section 400.9-105 of each authoritative electronic copy of the record evidencing** the chattel paper [under section 400.9-105]; and

(2) The [chattel paper does] **authoritative copies of the record evidencing the chattel paper do** not indicate that [it] **the chattel paper** has been assigned to an identified assignee other than the purchaser.

(b) A purchaser of chattel paper has priority over a security interest in the chattel paper which is claimed other than merely as proceeds of inventory subject to a security interest if the purchaser gives new value [and], takes possession of **each authoritative tangible copy of the record evidencing** the chattel paper [or], **and** obtains control [of] **under section 400.9-105 of each authoritative electronic copy of the record evidencing** the chattel paper [under section 400.9-105] in good faith, in the ordinary course of the purchaser's business, and without knowledge that the purchase violates the rights of the secured party.

(c) Except as otherwise provided in section 400.9-327, a purchaser having priority in chattel paper under subsection (a) or (b) also has priority in proceeds of the chattel paper to the extent that:

(1) Section 400.9-322 provides for priority in the proceeds; or

(2) The proceeds consist of the specific goods covered by the chattel paper or cash proceeds of the specific goods, even if the purchaser's security interest in the proceeds is unperfected.

(d) Except as otherwise provided in section 400.9-331(a), a purchaser of an instrument has priority over a security interest in the instrument perfected by a method other than possession if the purchaser gives value and takes possession of the instrument in good faith and without knowledge that the purchase violates the rights of the secured party.

(e) For purposes of subsections (a) and (b), the holder of a purchase-money security interest in inventory gives new value for chattel paper constituting proceeds of the inventory.

(f) For purposes of subsections (b) and (d), if **the authoritative copies of the record evidencing** chattel paper or an instrument [indicates] **indicate** that [it] **the chattel paper or instrument** has been

assigned to an identified secured party other than the purchaser, a purchaser of the chattel paper or instrument has knowledge that the purchase violates the rights of the secured party.

400.9-331. (a) This article does not limit the rights of a holder in due course of a negotiable instrument, a holder to which a negotiable document of title has been duly negotiated, [or] a protected purchaser of a security, **or a qualifying purchaser of a controllable account, controllable electronic record, or controllable payment intangible**. These holders or purchasers take priority over an earlier security interest, even if perfected, to the extent provided in articles 3, 7, [and] 8, **and 12**.

(b) This article does not limit the rights of or impose liability on a person to the extent that the person is protected against the assertion of an adverse claim under article 8 **or 12**.

(c) Filing under this article does not constitute notice of a claim or defense to the holders, or purchasers, or persons described in subsections (a) and (b).

400.9-332. (a) A transferee of **tangible** money takes the money free of a security interest [unless the transferee acts] **if the transferee receives possession of the money without acting** in collusion with the debtor in violating the rights of the secured party.

(b) A transferee of funds from a deposit account takes the funds free of a security interest in the deposit account [unless the transferee acts] **if the transferee receives the funds without acting** in collusion with the debtor in violating the rights of the secured party.

(c) A transferee of electronic money takes the money free of a security interest if the transferee obtains control of the money without acting in collusion with the debtor in violating the rights of the secured party.

400.9-334. (a) A security interest under this article may be created in goods that are fixtures or may continue in goods that become fixtures. A security interest does not exist under this article in ordinary building materials incorporated into an improvement on land.

(b) This article does not prevent creation of an encumbrance upon fixtures under real property law.

(c) In cases not governed by subsections (d) through (h), a security interest in fixtures is subordinate to a conflicting interest of an encumbrancer or owner of the related real property other than the debtor.

(d) Except as otherwise provided in subsection (h), a perfected security interest in fixtures has priority over a conflicting interest of an encumbrancer or owner of the real property if the debtor has an interest of record in or is in possession of the real property and:

(1) The security interest is a purchase-money security interest;

(2) The interest of the encumbrancer or owner arises before the goods become fixtures; and

(3) The security interest is perfected by a fixture filing before the goods become fixtures or within twenty days thereafter.

(e) A perfected security interest in fixtures has priority over a conflicting interest of an encumbrancer or owner of the real property if:

(1) The debtor has an interest of record in the real property or is in possession of the real property and the security interest:

(A) Is perfected by a fixture filing before the interest of the encumbrancer or owner is of record; and

(B) Has priority over any conflicting interest of a predecessor in title of the encumbrancer or owner;

(2) Before the goods become fixtures, the security interest is perfected by any method permitted by this article and the fixtures are readily removable:

(A) Factory or office machines;

(B) Equipment that is not primarily used or leased for use in the operation of the real property; or

(C) Replacements of domestic appliances that are consumer goods;

(3) The conflicting interest is a lien on the real property obtained by legal or equitable proceedings after the security interest was perfected by any method permitted by this article; or

(4) The security interest is:

(A) Created in a manufactured home in a manufactured-home transaction; and

(B) Perfected pursuant to a statute described in section 400.9-311(a)(2).

(f) A security interest in fixtures, whether or not perfected, has priority over a conflicting interest of an encumbrancer or owner of the real property if:

(1) The encumbrancer or owner has, in [an authenticated] **a signed** record, consented to the security interest or disclaimed an interest in the goods as fixtures; or

(2) The debtor has a right to remove the goods as against the encumbrancer or owner.

(g) The priority of the security interest under subsection (f) continues for a reasonable time if the debtor's right to remove the goods as against the encumbrancer or owner terminates.

(h) A mortgage is a construction mortgage to the extent that it secures an obligation incurred for the construction of an improvement on land, including the acquisition cost of the land, if a recorded record of the mortgage so indicates. Except as otherwise provided in subsections (e) and (f), a security interest in fixtures is subordinate to a construction mortgage if a record of the mortgage is recorded before the goods become fixtures and the goods become fixtures before the completion of the construction. A mortgage has this priority to the same extent as a construction mortgage to the extent that it is given to refinance a construction mortgage.

(i) A perfected security interest in crops growing on real property has priority over a conflicting interest of an encumbrancer or owner of the real property if the debtor has an interest of record in or is in possession of the real property.

(j) Subsection (i) prevails over any inconsistent provisions of other statutes.

400.9-341. Except as otherwise provided in section 400.9-340(c), and unless the bank otherwise agrees in [an authenticated] **a signed** record, a bank's rights and duties with respect to a deposit account maintained with the bank are not terminated, suspended, or modified by:

- (1) The creation, attachment, or perfection of a security interest in the deposit account;
- (2) The bank's knowledge of the security interest; or
- (3) The bank's receipt of instructions from the secured party.

400.9-404. (a) Unless an account debtor has made an enforceable agreement not to assert defenses or claims, and subject to subsections (b) through (e), the rights of an assignee are subject to:

(1) All terms of the agreement between the account debtor and assignor and any defense or claim in recoupment arising from the transaction that gave rise to the contract; and

(2) Any other defense or claim of the account debtor against the assignor which accrues before the account debtor receives a notification of the assignment [authenticated] **signed** by the assignor or the assignee.

(b) Subject to subsection (c) and except as otherwise provided in subsection (d), the claim of an account debtor against an assignor may be asserted against an assignee under subsection (a) only to reduce the amount the account debtor owes.

(c) This section is subject to law other than this article which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

(d) In a consumer transaction, if a record evidences the account debtor's obligation, law other than this article requires that the record include a statement to the effect that the account debtor's recovery against an assignee with respect to claims and defenses against the assignor may not exceed amounts paid by the account debtor under the record, and the record does not include such a statement, the extent to which a claim of an account debtor against the assignor may be asserted against an assignee is determined as if the record included such a statement.

(e) This section does not apply to an assignment of a health-care-insurance receivable.

400.9-406. (a) Subject to subsections (b) through (i) **and (k)**, an account debtor on an account, chattel paper, or a payment intangible may discharge its obligation by paying the assignor until, but not after, the account debtor receives a notification, [authenticated] **signed** by the assignor or the assignee, that the amount due or to become due has been assigned and that payment is to be made to the assignee. After receipt of the notification, the account debtor may discharge its obligation by paying the assignee and may not discharge the obligation by paying the assignor.

(b) Subject to [subsection] **subsections (h) and (k)**, notification is ineffective under subsection (a):

- (1) If it does not reasonably identify the rights assigned;

(2) To the extent that an agreement between an account debtor and a seller of a payment intangible limits the account debtor's duty to pay a person other than the seller and the limitation is effective under law other than this article; or

(3) At the option of an account debtor, if the notification notifies the account debtor to make less than the full amount of any installment or other periodic payment to the assignee, even if:

(A) Only a portion of the account, chattel paper, or general intangible has been assigned to that assignee;

(B) A portion has been assigned to another assignee; or

(C) The account debtor knows that the assignment to that assignee is limited.

(c) Subject to [subsection] **subsections (h) and (k)**, if requested by the account debtor, an assignee shall seasonably furnish reasonable proof that the assignment has been made. Unless the assignee complies, the account debtor may discharge its obligation by paying the assignor, even if the account debtor has received a notification under subsection (a).

(d) **In this subsection, “promissory note” includes a negotiable instrument that evidences chattel paper.** Except as otherwise provided in subsection (e) and sections 400.2A-303 and 400.9-407, and subject to subsection (h), a term in an agreement between an account debtor and an assignor or in a promissory note is ineffective to the extent that it:

(1) Prohibits, restricts, or requires the consent of the account debtor or person obligated on the promissory note to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, the account, chattel paper, payment intangible, or promissory note; or

(2) Provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the account, chattel paper, payment intangible, or promissory note.

(e) Subsection (d) does not apply to the sale of a payment intangible or promissory note, other than a sale pursuant to a disposition under section 400.9-610 or an acceptance of collateral under section 400.9-620.

(f) Except as otherwise provided in sections 400.2A-303 and 400.9-407, and subject to subsections (h) and (i), a rule of law, statute, or regulation, that prohibits, restricts, or requires the consent of a government, governmental body or official, or account debtor to the assignment or transfer of, or creation of a security interest in, an account or chattel paper is ineffective to the extent that the rule of law, statute, or regulation:

(1) Prohibits, restricts, or requires the consent of the government, governmental body or official, or account debtor to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, the account or chattel paper; or

(2) Provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the account or chattel paper.

(g) Subject to [subsection] **subsections (h) and (k)**, an account debtor may not waive or vary its option under subsection (b)(3).

(h) This section is subject to law other than this article which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

(i) This section does not apply to an assignment of a health-care-insurance receivable.

(j) This section prevails over any inconsistent provisions of any statutes, rules, and regulations.

(k) Subsections (a), (b), (c), and (g) do not apply to a controllable account or controllable payment intangible.

400.9-408. (a) Except as otherwise provided in subsection (b), a term in a promissory note or in an agreement between an account debtor and a debtor which relates to a health-care-insurance receivable or a general intangible, including a contract, permit, license, or franchise, and which term prohibits, restricts, or requires the consent of the person obligated on the promissory note or the account debtor to, the assignment or transfer of, or creation, attachment, or perfection of a security interest in, the promissory note, health-care-insurance receivable, or general intangible, is ineffective to the extent that the term:

(1) Would impair the creation, attachment, or perfection of a security interest; or

(2) Provides that the assignment or transfer or the creation, attachment, or perfection of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the promissory note, health-care-insurance receivable, or general intangible.

(b) Subsection (a) applies to a security interest in a payment intangible or promissory note only if the security interest arises out of a sale of the payment intangible or promissory note, other than a sale pursuant to a disposition under section 400.9-610 or an acceptance of collateral under section 400.9-620.

(c) A rule of law, statute, or regulation that prohibits, restricts, or requires the consent of a government, governmental body or official, person obligated on a promissory note, or account debtor to the assignment or transfer of, or creation of a security interest in, a promissory note, health-care-insurance receivable, or general intangible, including a contract, permit, license, or franchise between an account debtor and a debtor, is ineffective to the extent that the rule of law, statute, or regulation:

(1) Would impair the creation, attachment, or perfection of a security interest; or

(2) Provides that the assignment or transfer or the creation, attachment, or perfection of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the promissory note, health-care-insurance receivable, or general intangible.

(d) To the extent that a term in a promissory note or in an agreement between an account debtor and a debtor which relates to a health-care-insurance receivable or general intangible or a rule of law, statute, or regulation described in subsection (c) would be effective under law other than this article but is ineffective under subsection (a) or (c), the creation, attachment, or perfection of a security interest in the promissory note, health-care-insurance receivable, or general intangible:

(1) Is not enforceable against the person obligated on the promissory note or the account debtor;

(2) Does not impose a duty or obligation on the person obligated on the promissory note or the account debtor;

(3) Does not require the person obligated on the promissory note or the account debtor to recognize the security interest, pay or render performance to the secured party, or accept payment or performance from the secured party;

(4) Does not entitle the secured party to use or assign the debtor's rights under the promissory note, health-care-insurance receivable, or general intangible, including any related information or materials furnished to the debtor in the transaction giving rise to the promissory note, health-care-insurance receivable, or general intangible;

(5) Does not entitle the secured party to use, assign, possess, or have access to any trade secrets or confidential information of the person obligated on the promissory note or the account debtor; and

(6) Does not entitle the secured party to enforce the security interest in the promissory note, health-care-insurance receivable, or general intangible.

(e) This section prevails over any inconsistent provisions of any statutes, rules, and regulations.

(f) In this section, “promissory note” includes a negotiable instrument that evidences chattel paper.

400.9-509. (a) A person may file an initial financing statement, amendment that adds collateral covered by a financing statement, or amendment that adds a debtor to a financing statement only if:

(1) The debtor authorizes the filing in [an authenticated] **a signed** record or pursuant to subsection (b) or (c); or

(2) The person holds an agricultural lien that has become effective at the time of filing and the financing statement covers only collateral in which the person holds an agricultural lien.

(b) By [authenticating] **signing** or becoming bound as debtor by a security agreement, a debtor or new debtor authorizes the filing of an initial financing statement, and an amendment, covering:

(1) The collateral described in the security agreement; and

(2) Property that becomes collateral under section 400.9-315(a)(2), whether or not the security agreement expressly covers proceeds.

(c) By acquiring collateral in which a security interest or agricultural lien continues under section 400.9-315(a)(1), a debtor authorizes the filing of an initial financing statement, and an amendment, covering the collateral and property that becomes collateral under section 400.9-315(a)(2).

(d) A person may file an amendment other than an amendment that adds collateral covered by a financing statement or an amendment that adds a debtor to a financing statement only if:

(1) The secured party of record authorizes the filing; or

(2) The amendment is a termination statement for a financing statement as to which the secured party of record has failed to file or send a termination statement as required by section 400.9-513(a) or (c), the

debtor authorizes the filing, and the termination statement indicates that the debtor authorized it to be filed.

(e) If there is more than one secured party of record for a financing statement, each secured party of record may authorize the filing of an amendment under subsection (d).

400.9-513. (a) A secured party shall cause the secured party of record for a financing statement to file a termination statement for the financing statement if the financing statement covers consumer goods and:

(1) There is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value; or

(2) The debtor did not authorize the filing of the initial financing statement.

(b) To comply with subsection (a), a secured party shall cause the secured party of record to file the termination statement:

(1) Within one month after there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value; or

(2) If earlier, within twenty days after the secured party receives [an authenticated] **a signed** demand from a debtor.

(c) In cases not governed by subsection (a), within twenty days after a secured party receives [an authenticated] **a signed** demand from a debtor, the secured party shall cause the secured party of record for a financing statement to send to the debtor a termination statement for the financing statement or file the termination statement in the filing office if:

(1) Except in the case of a financing statement covering accounts or chattel paper that has been sold or goods that are the subject of a consignment, there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value;

(2) The financing statement covers accounts or chattel paper that has been sold but as to which the account debtor or other person obligated has discharged its obligation;

(3) The financing statement covers goods that were the subject of a consignment to the debtor but are not in the debtor's possession; or

(4) The debtor did not authorize the filing of the initial financing statement.

(d) Except as otherwise provided in section 400.9-510, upon the filing of a termination statement with the filing office, the financing statement to which the termination statement relates ceases to be effective. Except as otherwise provided in section 400.9-510, for purposes of sections 400.9-519(g), 400.9-522(a), and 400.9-523(c), the filing with the filing office of a termination statement relating to a financing statement that indicates that the debtor is a transmitting utility also causes the effectiveness of the financing statement to lapse.

400.9-601. (a) After default, a secured party has the rights provided in this part and, except as otherwise provided in section 400.9-602, those provided by agreement of the parties. A secured party:

(1) May reduce a claim to judgment, foreclose, or otherwise enforce the claim, security interest, or agricultural lien by any available judicial procedure; and

(2) If the collateral is documents, may proceed either as to the documents or as to the goods they cover.

(b) A secured party in possession of collateral or control of collateral under section 400.9-104, 400.9-105, **400.9-105A**, 400.9-106 [or], 400.9-107, or **400.9-107A** has the rights and duties provided in section 400.9-207.

(c) The rights under subsections (a) and (b) are cumulative and may be exercised simultaneously.

(d) Except as otherwise provided in subsection (g) and section 400.9-605, after default, a debtor and an obligor have the rights provided in this part and by agreement of the parties.

(e) If a secured party has reduced its claim to judgment, the lien of any levy that may be made upon the collateral by virtue of an execution based upon the judgment relates back to the earliest of:

(1) The date of perfection of the security interest or agricultural lien in the collateral; or

(2) The date of filing a financing statement covering the collateral;

(3) Any date specified in a statute under which the agricultural lien was created.

(f) A sale pursuant to an execution is a foreclosure of the security interest or agricultural lien by judicial procedure within the meaning of this section. A secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this article.

(g) Except as otherwise provided in section 400.9-607(c), this part imposes no duties upon a secured party that is a consignor or is a buyer of accounts, chattel paper, payment intangibles, or promissory notes.

400.9-605. **(a) Except as provided in subsection (b)**, a secured party does not owe a duty based on its status as secured party:

(1) To a person that is a debtor or obligor, unless the secured party knows:

(A) That the person is a debtor or obligor;

(B) The identity of the person; and

(C) How to communicate with the person; or

(2) To a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

(A) That the person is a debtor; and

(B) The identity of the person.

(b) A secured party owes a duty based on its status as a secured party to a person if, at the time the secured party obtains control of collateral that is a controllable account, controllable electronic record, or controllable payment intangible or at the time the security interest attaches to the collateral, whichever is later:

(1) The person is a debtor or obligor; and

(2) The secured party knows that the information in subsection (a)(1)(A), (B), or (C) relating to the person is not provided by the collateral, a record attached to or logically associated with the collateral, or the system in which the collateral is recorded.

400.9-608. (a) If a security interest or agricultural lien secures payment or performance of an obligation, the following rules apply:

(1) A secured party shall apply or pay over for application the cash proceeds of collection or enforcement under section 400.9-607 in the following order to:

(A) The reasonable expenses of collection and enforcement and, to the extent provided for by agreement and not prohibited by law, reasonable attorney's fees and legal expenses incurred by the secured party;

(B) The satisfaction of obligations secured by the security interest or agricultural lien under which the collection or enforcement is made; and

(C) The satisfaction of obligations secured by any subordinate security interest in or other lien on the collateral subject to the security interest or agricultural lien under which the collection or enforcement is made if the secured party receives [an authenticated] **a signed** demand for proceeds before distribution of the proceeds is completed;

(2) If requested by a secured party, a holder of a subordinate security interest or other lien shall furnish reasonable proof of the interest or lien within a reasonable time. Unless the holder complies, the secured party need not comply with the holder's demand under paragraph (1)(C);

(3) A secured party need not apply or pay over for application noncash proceeds of collection and enforcement under section 400.9-607 unless the failure to do so would be commercially unreasonable. A secured party that applies or pays over for application noncash proceeds shall do so in a commercially reasonable manner;

(4) A secured party shall account to and pay a debtor for any surplus, and the obligor is liable for any deficiency.

(b) If the underlying transaction is a sale of accounts, chattel paper, payment intangibles, or promissory notes, the debtor is not entitled to any surplus, and the obligor is not liable for any deficiency.

400.9-611. (a) In this section, “notification date” means the earlier of the date on which:

(1) A secured party sends to the debtor and any secondary obligor [an authenticated] **a signed** notification of disposition; or

(2) The debtor and any secondary obligor waive the right to notification.

(b) Except as otherwise provided in subsection (d), a secured party that disposes of collateral under section 400.9-610 shall send to the persons specified in subsection (c) a reasonable [authenticated] **signed** notification of disposition.

(c) To comply with subsection (b), the secured party shall send [an authenticated] **a signed** notification of disposition to:

- (1) The debtor;
- (2) Any secondary obligor; and
- (3) If the collateral is other than consumer goods:

(A) Any other person from which the secured party has received, before the notification date, [an authenticated] **a signed** notification of a claim of an interest in the collateral;

(B) Any other secured party or lienholder that, ten days before the notification date, held a security interest in or other lien on the collateral perfected by the filing of a financing statement that:

- (i) Identified the collateral;
- (ii) Was indexed under the debtor's name as of that date; and
- (iii) Was filed in the office in which to file a financing statement against the debtor covering the collateral as of that date; and

(C) Any other secured party that, ten days before the notification date, held a security interest in the collateral perfected by compliance with a statute, regulation, or treaty described in section 400.9-311(a).

(d) Subsection (b) does not apply if the collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market.

(e) A secured party complies with the requirement for notification prescribed by subsection (c)(3)(B) if:

(1) Not later than twenty days or earlier than thirty days before the notification date, the secured party requests, in a commercially reasonable manner, information concerning financing statements indexed under the debtor's name in the office indicated in subsection (c)(3)(B); and

(2) Before the notification date, the secured party:

(A) Did not receive a response to the request for information; or

(B) Received a response to the request for information and sent [an authenticated] **a signed** notification of disposition to each secured party or other lienholder named in that response whose financing statement covered the collateral.

400.9-613. **(a)** Except in a consumer-goods transaction, the following rules apply:

(1) The contents of a notification of disposition are sufficient if the notification:

(A) Describes the debtor and the secured party;

(B) Describes the collateral that is the subject of the intended disposition;

(C) States the method of intended disposition;

(D) States that the debtor is entitled to an accounting of the unpaid indebtedness and states the charge, if any, for an accounting; and

(E) States the time and place of a public disposition or the time after which any other disposition is to be made;

(2) Whether the contents of a notification that lacks any of the information specified in paragraph (1) are nevertheless sufficient is a question of fact;

(3) The contents of a notification providing substantially the information specified in paragraph (1) are sufficient, even if the notification includes:

(A) Information not specified by that paragraph; or

(B) Minor errors that are not seriously misleading;

(4) A particular phrasing of the notification is not required;

(5) The following form of notification and the form appearing in section [400.9-614(3)], when completed **in accordance with the instructions in subsection (b) and section 9-614(b)**, each provides sufficient information:

[NOTIFICATION OF DISPOSITION OF COLLATERAL]

[To:] [(Name of debtor, obligor, or other person to which the notification is sent)]

[From:] [(Name, address, and telephone number of secured party)]

[Name of Debtor(s):] [(Include only if debtor(s) are not an addressee)]

[(For a public disposition:)]

[We will sell (or lease or license, as applicable) the (describe collateral) (to the highest qualified bidder) in public as follows:]

[Day and Date:] [_____]

[Time:] [_____]

[Place:] [_____]

[(For a private disposition:)]

[We will sell (or lease or license, as applicable) the (describe collateral) privately sometime after (day and date).]

[You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell (or lease or license, as applicable) (for a charge of \$). You may request an accounting by calling us at (telephone number).]

[(End of Form)]

NOTIFICATION OF DISPOSITION OF COLLATERAL

To: (Name of debtor, obligor, or other person to which the notification is sent)

From: (Name, address, and telephone number of secured party)

(1) Name of any debtor that is not an addressee: (Name of each debtor)

(2) We will sell (describe collateral) (to the highest qualified bidder) at public sale. A sale could include a lease or license. The sale will be held as follows:

(Date)

(Time)

(Place)

(3) We will sell (describe collateral) at private sale sometime after (date). A sale could include a lease or license.

(4) You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell or, as applicable, lease or license.

(5) If you request an accounting you must pay a charge of \$ (amount).

(6) You may request an accounting by calling us at (telephone number).

(End of Form)

(b) The following instructions apply to the form of notification in subsection (a)(5):

(1) The instructions in this subsection refer to the numbers in braces before items in the form of notification in subsection (a)(5). Do not include the numbers or braces in the notification. The numbers and braces are used only for the purpose of these instructions.

(2) Include and complete item (1) only if there is a debtor that is not an addressee of the notification and list the name or names.

(3) Include and complete either item (2), if the notification relates to a public disposition of the collateral, or item (3), if the notification relates to a private disposition of the collateral. If item (2) is included, include the words “to the highest qualified bidder” only if applicable.

(4) Include and complete items (4) and (6).

(5) Include and complete item (5) only if the sender will charge the recipient for an accounting.

400.9-614. **(a)** In a consumer-goods transaction, the following rules apply:

(1) A notification of disposition must provide the following information:

(A) The information specified in section [400.9-613(1)] **400.9-613(a)(1)**;

(B) A description of any liability for a deficiency of the person to which the notification is sent;

(C) A telephone number from which the amount that must be paid to the secured party to redeem the collateral under section 400.9-623 is available; and

(D) A telephone number or mailing address from which additional information concerning the disposition and the obligation secured is available;

(2) A particular phrasing of the notification is not required;

(3) The following form of notification, when completed **in accordance with the instructions in subsection (b)**, provides sufficient information:

[(Name and address of secured party)]

[(Date)]

[NOTICE OF OUR PLAN TO SELL PROPERTY]

[(Name and address of any obligor who is also a debtor)]

[Subject: (Identification of Transaction)]

[We have your (describe collateral), because you broke promises in our agreement.]

[(For a public disposition:)]

[We will sell (describe collateral) at public sale.]

[A sale could include a lease or license. The sale will be held as follows:]

[Date:]

[Time:]

[Place:]

[You may attend the sale and bring bidders if you want.]

[(For a private disposition:)]

[We will sell (describe collateral) at private sale sometime after (date).
A sale could include a lease or license.]

[The money that we get from the sale (after paying our costs) will reduce the amount you owe. If we get less money than you owe, you (will or will not, as applicable) still owe us the difference. If we get more money than you owe, you will get the extra money, unless we must pay it to someone else.]

[You can get the property back at any time before we sell it by paying us the full amount you owe (not just the past due payments), including our expenses. To learn the exact amount you must pay, call us at (telephone number).]

[If you want us to explain to you in writing how we have figured the amount that you owe us, you may call us at (telephone number) (or write us at (secured party's address)) and request a written explanation. (We will charge you \$ for the explanation if we sent you another written explanation of the amount you owe us within the last six months.)]

[If you need more information about the sale call us at (telephone number) (or write us at (secured party's address)).]

[We are sending this notice to the following other people who have an interest in (describe collateral) or who owe money under your agreement:]

[(Names of all other debtors and obligors, if any)]

[(End of Form)]

(Name and address of secured party)

(Date)

NOTICE OF OUR PLAN TO SELL PROPERTY

(Name and address of any obligor who is also a debtor)

Subject: (Identify transaction)

We have your (describe collateral), because you broke promises in our agreement.

(1) We will sell (describe collateral) at public sale. A sale could include a lease or license. The sale will be held as follows:

(Date)

(Time)

(Place)

You may attend the sale and bring bidders if you want.

(2) We will sell (describe collateral) at private sale sometime after (date). A sale could include a lease or license.

(3) The money that we get from the sale, after paying our costs, will reduce the amount you owe. If we get less money than you owe, you (will or will not, as applicable) still owe us the difference. If we get more

money than you owe, you will get the extra money, unless we must pay it to someone else.

(4) You can get the property back at any time before we sell it by paying us the full amount you owe, not just the past due payments, including our expenses. To learn the exact amount you must pay, call us at (telephone number).

(5) If you want us to explain to you in (writing) (writing or in (description of electronic record)) (description of electronic record) how we have figured the amount that you owe us, (6) call us at (telephone number) (or) (write us at (secured party's address)) (or contact us by (description of electronic communication method)) (7) and request (a written explanation) (a written explanation or an explanation in (description of electronic record)) (an explanation in (description of electronic record)).

(8) We will charge you \$ (amount) for the explanation if we sent you another written explanation of the amount you owe us within the last six months.

(9) If you need more information about the sale (call us at (telephone number)) (or) (write us at (secured party's address)) (or contact us by (description of electronic communication method)).

(10) We are sending this notice to the following other people who have an interest in (describe collateral) or who owe money under your agreement:

(Names of all other debtors and obligors, if any)

(End of Form)

(4) A notification in the form of paragraph (3) is sufficient, even if additional information appears at the end of the form;

(5) A notification in the form of paragraph (3) is sufficient, even if it includes errors in information not required by paragraph (1), unless the error is misleading with respect to rights arising under this article;

(6) If a notification under this section is not in the form of paragraph (3), law other than this article determines the effect of including information not required by paragraph (1).

(b) The following instructions apply to the form of notification in subsection (a)(3):

(1) The instructions in this subsection refer to the numbers in braces before items in the form of notification in subsection (a)(3). Do not include the numbers or braces in the notification. The numbers and braces are used only for the purpose of these instructions.

(2) Include and complete either item {1}, if the notification relates to a public disposition of the collateral, or item {2}, if the notification relates to a private disposition of the collateral.

(3) Include and complete items {3}, {4}, {5}, {6}, and {7}.

(4) In item {5}, include and complete any one of the three alternative methods for the explanation—writing, writing or electronic record, or electronic record.

(5) In item {6}, include the telephone number. In addition, the sender may include and complete either or both of the two additional alternative methods of communication—writing or electronic communication—for the recipient of the notification to communicate with the sender. Neither of the two additional methods of communication is required to be included.

(6) In item {7}, include and complete the method or methods for the explanation—writing, writing or electronic record, or electronic record—included in item {5}.

(7) Include and complete item {8} only if a written explanation is included in item {5} as a method for communicating the explanation and the sender will charge the recipient for another written explanation.

(8) In item {9}, include either the telephone number or the address or both the telephone number and the address. In addition, the sender may include and complete the additional method of communication—electronic communication—for the recipient of the notification to communicate with the sender. The additional method of electronic communication is not required to be included.

(9) If item {10} does not apply, insert “None” after “agreement:”.

400.9-615. (a) A secured party shall apply or pay over for application the cash proceeds of disposition under section 400.9-610 in the following order to:

(1) The reasonable expenses of retaking, holding, preparing for disposition, processing, and disposing, and, to the extent provided for by agreement and not prohibited by law, reasonable attorney's fees and legal expenses incurred by the secured party;

(2) The satisfaction of obligations secured by the security interest or agricultural lien under which the disposition is made;

(3) The satisfaction of obligations secured by any subordinate security interest in or other subordinate lien on the collateral if:

(A) The secured party receives from the holder of the subordinate security interest or other lien [an authenticated] **a signed** demand for proceeds before distribution of the proceeds is completed; and

(B) In a case in which a consignor has an interest in the collateral, the subordinate security interest or other lien is senior to the interest of the consignor; and

(4) A secured party that is a consignor of the collateral if the secured party receives from the consignor [an authenticated] **a signed** demand for proceeds before distribution of the proceeds is completed.

(b) If requested by a secured party, a holder of a subordinate security interest or other lien shall furnish reasonable proof of the interest or lien within a reasonable time. Unless the holder does so, the secured party need not comply with the holder's demand under subsection (a)(3).

(c) A secured party need not apply or pay over for application noncash proceeds of disposition under section 400.9-610 unless the failure to do so would be commercially unreasonable. A secured party that applies or pays over for application noncash proceeds shall do so in a commercially reasonable manner.

(d) If the security interest under which a disposition is made secures payment or performance of an obligation, after making the payments and applications required by subsection (a) and permitted by subsection (c):

(1) Unless subsection (a)(4) requires the secured party to apply or pay over cash proceeds to a consignor, the secured party shall account to and pay a debtor for any surplus; and

(2) The obligor is liable for any deficiency.

(e) If the underlying transaction is a sale of accounts, chattel paper, payment intangibles, or promissory notes:

(1) The debtor is not entitled to any surplus; and

(2) The obligor is not liable for any deficiency.

(f) The surplus or deficiency following a disposition is calculated based on the amount of proceeds that would have been realized in a disposition complying with this part to a transferee other than the secured party, a person related to the secured party, or a secondary obligor if:

(1) The transferee in the disposition is the secured party, a person related to the secured party, or a secondary obligor; and

(2) The amount of proceeds of the disposition is significantly below the range of proceeds that a complying disposition to a person other than the secured party, a person related to the secured party, or a secondary obligor would have brought.

(g) A secured party that receives cash proceeds of a disposition in good faith and without notice that the receipt violates the rights of the holder of a security interest or other lien that is not subordinate to the security interest under which the disposition is made:

(1) Takes the cash proceeds free of the security interest or other lien;

(2) Is not obligated to apply the proceeds of the disposition to the satisfaction of obligations secured by the security interest or other lien; and

(3) Is not obligated to account to or pay the holder of the security interest or other lien for any surplus.

400.9-616. (a) In this section:

(1) "Explanation" means a [writing] **record** that:

(A) States the amount of the surplus or deficiency;

(B) Provides an explanation in accordance with subsection (c) of how the secured party calculated the surplus or deficiency;

(C) States, if applicable, that future debits, credits, charges, including additional credit service charges or interest, rebates, and expenses may affect the amount of the surplus or deficiency; and

(D) Provides a telephone number or mailing address from which additional information concerning the transaction is available.

(2) "Request" means a record:

(A) [Authenticated] **Signed** by a debtor or consumer obligor;

(B) Requesting that the recipient provide an explanation; and

(C) Sent after disposition of the collateral under section 400.9-610.

(b) In a consumer-goods transaction in which the debtor is entitled to a surplus or a consumer obligor is liable for a deficiency under section 400.9-615, the secured party shall:

(1) Send an explanation to the debtor or consumer obligor, as applicable, after the disposition and:

(A) Before or when the secured party accounts to the debtor and pays any surplus or first makes [written] demand **in a record** on the consumer obligor after the disposition for payment of the deficiency; and

(B) Within fourteen days after receipt of a request; or

(2) In the case of a consumer obligor who is liable for a deficiency, within fourteen days after receipt of a request, send to the consumer obligor a record waiving the secured party's right to a deficiency.

(c) To comply with subsection (a)(1)(B), [a writing] **an explanation** must provide the following information in the following order:

(1) The aggregate amount of obligations secured by the security interest under which the disposition was made, and, if the amount reflects a rebate of unearned interest or credit service charge, an indication of that fact, calculated as of a specified date:

(A) If the secured party takes or receives possession of the collateral after default, not more than thirty-five days before the secured party takes or receives possession; or

(B) If the secured party takes or receives possession of the collateral before default or does not take possession of the collateral, not more than thirty-five days before the disposition;

(2) The amount of proceeds of the disposition;

(3) The aggregate amount of the obligations after deducting the amount of proceeds;

(4) The amount, in the aggregate or by type, and types of expenses, including expenses of retaking, holding, preparing for disposition, processing, and disposing of the collateral, and attorney's fees secured by the collateral which are known to the secured party and relate to the current disposition;

(5) The amount, in the aggregate or by type, and types of credits, including rebates of interest or credit service charges, to which the obligor is known to be entitled and which are not reflected in the amount in paragraph (1); and

(6) The amount of the surplus or deficiency.

(d) A particular phrasing of the explanation is not required. An explanation complying substantially with the requirements of subsection (a) is sufficient, even if it includes minor errors that are not seriously misleading.

(e) A debtor or consumer obligor is entitled without charge to one response to a request under this section during any six-month period in which the secured party did not send to the debtor or consumer obligor an explanation pursuant to subsection (b)(1). The secured party may require payment of a charge not exceeding twenty-five dollars for each additional response.

400.9-619. (a) In this section, “transfer statement” means a record [authenticated] **signed** by a secured party stating:

(1) That the debtor has defaulted in connection with an obligation secured by specified collateral;

(2) That the secured party has exercised its post-default remedies with respect to the collateral;

(3) That, by reason of the exercise, a transferee has acquired the rights of the debtor in the collateral; and

(4) The name and mailing address of the secured party, debtor, and transferee.

(b) A transfer statement entitles the transferee to the transfer of record of all rights of the debtor in the collateral specified in the statement in any official filing, recording, registration, or certificate-of-title system covering the collateral. If a transfer statement is presented with the applicable fee and request form to the official or office responsible for maintaining the system, the official or office shall:

(1) Accept the transfer statement;

(2) Promptly amend its records to reflect the transfer; and

(3) If applicable, issue a new appropriate certificate of title in the name of the transferee.

(c) A transfer of the record or legal title to collateral to a secured party under subsection (b) or otherwise is not of itself a disposition of collateral under this article and does not of itself relieve the secured party of its duties under this article.

400.9-620. (a) Except as otherwise provided in subsection (g), a secured party may accept collateral in full or partial satisfaction of the obligation it secures only if:

(1) The debtor consents to the acceptance under subsection (c);

(2) The secured party does not receive, within the time set forth in subsection (d), a notification of objection to the proposal [authenticated] **signed** by:

(A) A person to which the secured party was required to send a proposal under section 400.9-621; or

(B) Any other person, other than the debtor, holding an interest in the collateral subordinate to the security interest that is the subject of the proposal;

(3) If the collateral is consumer goods, the collateral is not in the possession of the debtor when the debtor consents to the acceptance; and

(4) Subsection (e) does not require the secured party to dispose of the collateral or the debtor waives the requirement pursuant to section 400.9-624.

(b) A purported or apparent acceptance of collateral under this section is ineffective unless:

(1) The secured party consents to the acceptance in [an authenticated] **a signed** record or sends a proposal to the debtor; and

(2) The conditions of subsection (a) are met.

(c) For purposes of this section:

(1) A debtor consents to an acceptance of collateral in partial satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record [authenticated] **signed** after default; and

(2) A debtor consents to an acceptance of collateral in full satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record [authenticated] **signed** after default or the secured party:

(A) Sends to the debtor after default a proposal that is unconditional or subject only to a condition that collateral not in the possession of the secured party be preserved or maintained;

(B) In the proposal, proposes to accept collateral in full satisfaction of the obligation it secures; and

(C) Does not receive a notification of objection [authenticated] **signed** by the debtor within twenty days after the proposal is sent.

(d) To be effective under subsection (a)(2), a notification of objection must be received by the secured party:

(1) In the case of a person to which the proposal was sent pursuant to section 400.9-621, within twenty days after notification was sent to that person; and

(2) In other cases:

(A) Within twenty days after the last notification was sent pursuant to section 400.9-621; or

(B) If a notification was not sent, before the debtor consents to the acceptance under subsection (c).

(e) A secured party that has taken possession of collateral shall dispose of the collateral pursuant to section 400.9-610 within the time specified in subsection (f) if:

(1) Sixty percent of the cash price has been paid in the case of a purchase-money security interest in consumer goods; or

(2) Sixty percent of the principal amount of the obligation secured has been paid in the case of a non-purchase-money security interest in consumer goods.

(f) To comply with subsection (e), the secured party shall dispose of the collateral:

(1) Within ninety days after taking possession; or

(2) Within any longer period to which the debtor and all secondary obligors have agreed in an agreement to that effect entered into and [authenticated] **signed** after default.

(g) In a consumer transaction, a secured party may not accept collateral in partial satisfaction of the obligation it secures.

400.9-621. (a) A secured party that desires to accept collateral in full or partial satisfaction of the obligation it secures shall send its proposal to:

(1) Any person from which the secured party has received, before the debtor consented to the acceptance, [an authenticated] **a signed** notification of a claim of an interest in the collateral;

(2) Any other secured party or lienholder that, ten days before the debtor consented to the acceptance, held a security interest in or other lien on the collateral perfected by the filing of a financing statement that:

(A) Identified the collateral;

(B) Was indexed under the debtor's name as of that date; and

(C) Was filed in the office or offices in which to file a financing statement against the debtor covering the collateral as of that date; and

(3) Any other secured party that, ten days before the debtor consented to the acceptance, held a security interest in the collateral perfected by compliance with a statute, regulation, or treaty described in section 400.9-311(a).

(b) A secured party that desires to accept collateral in partial satisfaction of the obligation it secures shall send its proposal to any secondary obligor in addition to the persons described in subsection (a).

400.9-624. (a) A debtor or secondary obligor may waive the right to notification of disposition of collateral under section 400.9-611 only by an agreement to that effect entered into and [authenticated] **signed** after default.

(b) A debtor may waive the right to require disposition of collateral under section 400.9-620(e) only by an agreement to that effect entered into and [authenticated] **signed** after default.

(c) Except in a consumer-goods transaction, a debtor or secondary obligor may waive the right to redeem collateral under section 400.9-623 only by an agreement to that effect entered into and [authenticated] **signed** after default.

400.9-628. (a) **Subject to subsection (e)**, unless a secured party knows that a person is a debtor or obligor, knows the identity of the person, and knows how to communicate with the person:

(1) The secured party is not liable to the person, or to a secured party or lienholder that has filed a financing statement against the person, for failure to comply with this article; and

(2) The secured party's failure to comply with this article does not affect the liability of the person for a deficiency.

(b) **Subject to subsection (e)**, a secured party is not liable because of its status as secured party:

(1) To a person that is a debtor or obligor, unless the secured party knows:

(A) That the person is a debtor or obligor;

(B) The identity of the person; and

(C) How to communicate with the person; or

(2) To a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

(A) That the person is a debtor; and

(B) The identity of the person.

(c) A secured party is not liable to any person, and a person's liability for a deficiency is not affected, because of any act or omission arising out of the secured party's reasonable belief that a transaction is not a consumer-goods transaction or a consumer transaction or that goods are not consumer goods, if the secured party's belief is based on its reasonable reliance on:

(1) A debtor's representation concerning the purpose for which collateral was to be used, acquired, or held; or

(2) An obligor's representation concerning the purpose for which a secured obligation was incurred.

(d) A secured party is not liable under section 400.9-625(c)(2) more than once with respect to any one secured obligation.

(e) Subsections (a) and (b) do not apply to limit the liability of a secured party to a person if, at the time the secured party obtains control of collateral that is a controllable account, controllable electronic record, or controllable payment intangible or at the time the security interest attaches to the collateral, whichever is later:

(1) The person is a debtor or obligor; and

(2) The secured party knows that the information in subsection (b)(1)(A), (B), or (C) relating to the person is not provided by the collateral, a record attached to or logically associated with the collateral, or the system in which the collateral is recorded.

400.12-101. This article may be cited as Uniform Commercial Code—Controllable Electronic Records.

400.12-102. (a) In this article:

(1) “Controllable electronic record” means a record stored in an electronic medium that can be subjected to control under section 400.12-105. The term does not include a controllable account, a controllable payment intangible, a deposit account, an electronic copy of a record evidencing chattel paper, an electronic document of title, electronic money, investment property, or a transferable record.

(2) “Qualifying purchaser” means a purchaser of a controllable electronic record or an interest in a controllable electronic record that obtains control of the controllable electronic record for value, in good faith, and without notice of a claim of a property right in the controllable electronic record.

(3) “Transferable record” has the meaning provided for that term in Section 201(a)(1) of the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7021(a)(1), as amended.

(4) “Value” has the meaning provided in section 400.3-303(a), as if references in that subsection to an “instrument” were references to a controllable account, controllable electronic record, or controllable payment intangible.

(b) The definitions in Article 9 of “account debtor”, “controllable account”, “controllable payment intangible”, “chattel paper”, “deposit account”, “electronic money”, and “investment property” apply to this article.

(c) Article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.

400.12-103. (a) If there is conflict between this article and Article 9, Article 9 governs.

(b) A transaction subject to this article is subject to any applicable rule of law that establishes a different rule for consumers.

400.12-104. (a) This section applies to the acquisition and purchase of rights in a controllable account or controllable payment intangible, including the rights and benefits under subsections (c), (d), (e), (g), and (h) of a purchaser and qualifying purchaser, in the same manner this section applies to a controllable electronic record.

(b) To determine whether a purchaser of a controllable account or a controllable payment intangible is a qualifying purchaser, the purchaser obtains control of the account or payment intangible if it obtains control of the controllable electronic record that evidences the account or payment intangible.

(c) Except as provided in this section, law other than this article determines whether a person acquires a right in a controllable electronic record and the right the person acquires.

(d) A purchaser of a controllable electronic record acquires all rights in the controllable electronic record that the transferor had or had power to transfer, except that a purchaser of a limited interest in a controllable electronic record acquires rights only to the extent of the interest purchased.

(e) A qualifying purchaser acquires its rights in the controllable electronic record free of a claim of a property right in the controllable electronic record.

(f) Except as provided in subsections (a) and (e) for a controllable account and a controllable payment intangible or law other than this article, a qualifying purchaser takes a right to payment, right to performance, or other interest in property evidenced by the controllable electronic record subject to a claim of a property right in the right to payment, right to performance, or other interest in property.

(g) An action may not be asserted against a qualifying purchaser based on both a purchase by the qualifying purchaser of a controllable electronic record and a claim of a property right in another controllable electronic record, whether the action is framed in conversion, replevin, constructive trust, equitable lien, or other theory.

(h) Filing of a financing statement under Article 9 is not notice of a claim of a property right in a controllable electronic record.

400.12-105. (a) A person has control of a controllable electronic record if the electronic record, a record attached to or logically associated with the electronic record, or a system in which the electronic record is recorded:

(1) Gives the person:

(A) Power to avail itself of substantially all the benefit from the electronic record; and

(B) Exclusive power, subject to subsection (b), to:

(i) Prevent others from availing themselves of substantially all the benefit from the electronic record; and

(ii) Transfer control of the electronic record to another person or cause another person to obtain control of another controllable electronic record as a result of the transfer of the electronic record; and

(2) Enables the person readily to identify itself in any way, including by name, identifying number, cryptographic key, office, or account number, as having the powers specified in paragraph (1).

(b) Subject to subsection (c), a power is exclusive under subsection (a)(1)(B)(i) and (ii) even if:

(1) The controllable electronic record, a record attached to or logically associated with the electronic record, or a system in which the electronic record is recorded limits the use of the electronic record or has a protocol programmed to cause a change, including a transfer or loss of control or a modification of benefits afforded by the electronic record; or

(2) The power is shared with another person.

(c) A power of a person is not shared with another person under subsection (b)(2) and the person's power is not exclusive if:

(1) The person can exercise the power only if the power also is exercised by the other person; and

(2) The other person:

(A) Can exercise the power without exercise of the power by the person; or

(B) Is the transferor to the person of an interest in the controllable electronic record or a controllable account or controllable payment intangible evidenced by the controllable electronic record.

(d) If a person has the powers specified in subsection (a)(1)(B)(i) and (ii), the powers are presumed to be exclusive.

(e) A person has control of a controllable electronic record if another person, other than the transferor to the person of an interest in the controllable electronic record or a controllable account or controllable payment intangible evidenced by the controllable electronic record:

(1) Has control of the electronic record and acknowledges that it has control on behalf of the person; or

(2) Obtains control of the electronic record after having acknowledged that it will obtain control of the electronic record on behalf of the person.

(f) A person that has control under this section is not required to acknowledge that it has control on behalf of another person.

(g) If a person acknowledges that it has or will obtain control on behalf of another person, unless the person otherwise agrees or law other than this article or Article 9 otherwise provides, the person does not owe any duty to the other person and is not required to confirm the acknowledgment to any other person.

400.12-106. (a) An account debtor on a controllable account or controllable payment intangible may discharge its obligation by paying:

(1) The person having control of the controllable electronic record that evidences the controllable account or controllable payment intangible; or

(2) Except as provided in subsection (b), a person that formerly had control of the controllable electronic record.

(b) Subject to subsection (d), the account debtor may not discharge its obligation by paying a person that formerly had control of the controllable electronic record if the account debtor receives a notification that:

(1) Is signed by a person that formerly had control or the person to which control was transferred;

(2) Reasonably identifies the controllable account or controllable payment intangible;

(3) Notifies the account debtor that control of the controllable electronic record that evidences the controllable account or controllable payment intangible was transferred;

(4) Identifies the transferee, in any reasonable way, including by name, identifying number, cryptographic key, office, or account number; and

(5) Provides a commercially reasonable method by which the account debtor is to pay the transferee.

(c) After receipt of a notification that complies with subsection (b), the account debtor may discharge its obligation by paying in accordance with the notification and may not discharge the obligation by paying a person that formerly had control.

(d) Subject to subsection (h), notification is ineffective under subsection (b):

(1) Unless, before the notification is sent, the account debtor and the person that, at that time, had control of the controllable electronic record that evidences the controllable account or controllable payment intangible agree in a signed record to a commercially reasonable method by which a person may furnish reasonable proof that control has been transferred;

(2) To the extent an agreement between the account debtor and seller of a payment intangible limits the account debtor's duty to pay a person other than the seller and the limitation is effective under law other than this article; or

(3) At the option of the account debtor, if the notification notifies the account debtor to:

(A) Divide a payment;

(B) Make less than the full amount of an installment or other periodic payment; or

(C) pay any part of a payment by more than one method or to more than one person.

(e) Subject to subsection (h), if requested by the account debtor, the person giving the notification under subsection (b) seasonably shall furnish reasonable proof, using the method in the agreement referred to in subsection (d)(1), that control of the controllable electronic record has been transferred. Unless the person complies with the request, the account debtor may discharge its obligation by paying a person that formerly had control, even if the account debtor has received a notification under subsection (b).

(f) A person furnishes reasonable proof under subsection (e) that control has been transferred if the person demonstrates, using the method in the agreement referred to in subsection (d)(1), that the transferee has the power to:

(1) Avail itself of substantially all the benefit from the controllable electronic record;

(2) Prevent others from availing themselves of substantially all the benefit from the controllable electronic record; and

(3) Transfer the powers specified in paragraphs (1) and (2) to another person.

(g) Subject to subsection (h), an account debtor may not waive or vary its rights under subsections (d)(1) and (e) or its option under subsection (d)(3).

(h) This section is subject to law other than this article which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

400.12-107. (a) Except as provided in subsection (b), the local law of a controllable electronic record's jurisdiction governs a matter covered by this article.

(b) For a controllable electronic record that evidences a controllable account or controllable payment intangible, the local law of the controllable electronic record's jurisdiction governs a matter covered by section 400.12-106 unless an effective agreement determines that the local law of another jurisdiction governs.

(c) The following rules determine a controllable electronic record's jurisdiction under this section:

(1) If the controllable electronic record, or a record attached to or logically associated with the controllable electronic record and readily available for review, expressly provides that a particular jurisdiction is the controllable electronic record's jurisdiction for purposes of this article or this chapter, that jurisdiction is the controllable electronic record's jurisdiction.

(2) If paragraph (1) does not apply and the rules of the system in which the controllable electronic record is recorded are readily available for review and expressly provide that a particular jurisdiction is the controllable electronic record's jurisdiction for purposes of this article or this chapter, that jurisdiction is the controllable electronic record's jurisdiction.

(3) If paragraphs (1) and (2) do not apply and the controllable electronic record, or a record attached to or logically associated with the controllable electronic record and readily available for review, expressly provides that the controllable electronic record is governed by the law of a particular jurisdiction, that jurisdiction is the controllable electronic record's jurisdiction.

(4) If paragraphs (1), (2), and (3) do not apply and the rules of the system in which the controllable electronic record is recorded are readily available for review and expressly provide that the controllable electronic record or the system is governed by the law of a particular jurisdiction, that jurisdiction is the controllable electronic record's jurisdiction.

(5) If paragraphs (1) through (4) do not apply, the controllable electronic record's jurisdiction is the District of Columbia.

(d) If subsection (c)(5) applies and Article 12 is not in effect in the District of Columbia without material modification, the governing law for a matter covered by this article is the law of the District of Columbia as though Article 12 were in effect in the District of Columbia without material modification. In this subsection, "Article 12" means Article 12 of Uniform Commercial Code Amendments (2022).

(e) To the extent subsections (a) and (b) provide that the local law of the controllable electronic record's jurisdiction governs a matter covered by this article, that law governs even if the matter or

a transaction to which the matter relates does not bear any relation to the controllable electronic record's jurisdiction.

(f) The rights acquired under Section 400.12-104 by a purchaser or qualifying purchaser are governed by the law applicable under this section at the time of purchase.

400.199-101. This article may be cited as Transitional Provisions for Uniform Commercial Code Amendments (2022).

400.199-102. (a) In this article:

(1) "Adjustment date" means July 1, 2025.

(2) "Article 12" means Article 12 of this chapter.

(3) "Article 12 property" means a controllable account, controllable electronic record, or controllable payment intangible.

(b) The following definitions in other articles of this chapter apply to this article.

"Controllable account". Section 400.9-102.

"Controllable electronic record". Section 400.12-102.

"Controllable payment intangible". Section 400.9-102.

"Electronic money". Section 400.9-102.

"Financing statement". Section 400.9-102.

(c) Article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.

400.199-201. Except as provided in sections 400.199-301, 400.199-302, 400.199-303, 400.199-304, 400.199-305, and 400.199-306, a transaction validly entered into before August 28, 2024, and the rights, duties, and interests flowing from the transaction remain valid thereafter and may be terminated, completed, consummated, or enforced as required or permitted by law other than this chapter or, if applicable, this chapter, as though this act had not taken effect.

400.199-301. (a) Except as provided in sections 400.199-301, 400.199-302, 400.199-303, 400.199-304, 400.199-305, and 400.199-306, Article 9 as amended by this act and Article 12 apply to a transaction, lien, or other interest in property, even if the transaction, lien, or interest was entered into, created, or acquired before August 28, 2024.

(b) Except as provided in subsection (c) and sections 400.199-302 through 400.199-306:

(1) A transaction, lien, or interest in property that was validly entered into, created, or transferred before August 28, 2024 and was not governed by this chapter, but would be subject to Article 9 as amended by this act or Article 12 if it had been entered into, created, or transferred on or after August 28, 2024, including the rights, duties, and interests flowing from the transaction, lien, or interest, remains valid on and after August 28, 2024; and

(2) The transaction, lien, or interest may be terminated, completed, consummated, and enforced as required or permitted by this act or by the law that would apply if this act had not taken effect.

(c) This act does not affect an action, case, or proceeding commenced before August 28, 2024.

400.199-302. (a) A security interest that is enforceable and perfected immediately before August 28, 2024 is a perfected security interest under this act if, on August 28, 2024, the requirements for enforceability and perfection under this act are satisfied without further action.

(b) If a security interest is enforceable and perfected immediately before August 28, 2024, but the requirements for enforceability or perfection under this act are not satisfied on August 28, 2024, the security interest:

(1) Is a perfected security interest until the earlier of the time perfection would have ceased under the law in effect immediately before August 28, 2024, or the adjustment date;

(2) Remains enforceable thereafter only if the security interest satisfies the requirements for enforceability under section 400.9-203, as amended by this act, before the adjustment date; and

(3) Remains perfected thereafter only if the requirements for perfection under this act are satisfied before the time specified in paragraph (1).

400.199-303. A security interest that is enforceable immediately before August 28, 2024, but is unperfected at that time:

(1) Remains an enforceable security interest until the adjustment date;

(2) Remains enforceable thereafter if the security interest becomes enforceable under section 400.9-203, as amended by this act, on August 28, 2024, or before the adjustment date; and

(3) Becomes perfected:

(A) Without further action, on August 28, 2024, if the requirements for perfection under this act are satisfied before or at that time; or

(B) When the requirements for perfection are satisfied if the requirements are satisfied after that time.

400.199-304. (a) If action, other than the filing of a financing statement, is taken before August 28, 2024, and the action would have resulted in perfection of the security interest had the security interest become enforceable before August 28, 2024, the action is effective to perfect a security interest that attaches under this act before the adjustment date. An attached security interest becomes unperfected on the adjustment date unless the security interest becomes a perfected security interest under this act before the adjustment date.

(b) The filing of a financing statement before August 28, 2024, is effective to perfect a security interest on August 28, 2024, to the extent the filing would satisfy the requirements for perfection under this act.

(c) The taking of an action before August 28, 2024, is sufficient for the enforceability of a security interest on August 28, 2024, if the action would satisfy the requirements for enforceability under this act.

400.199-305. (a) Subject to subsections (b) and (c), this act determines the priority of conflicting claims to collateral.

(b) Subject to subsection (c), if the priorities of claims to collateral were established before August 28, 2024, Article 9 as in effect before August 28, 2024, determines priority.

(c) On the adjustment date, to the extent the priorities determined by Article 9 as amended by this act modify the priorities established before August 28, 2024, the priorities of claims to Article 12 property and electronic money established before August 28, 2024, cease to apply.

400.199-306. (a) Subject to subsections (b) and (c), Article 12 determines the priority of conflicting claims to Article 12 property when the priority rules of Article 9 as amended by this act do not apply.

(b) Subject to subsection (c), when the priority rules of Article 9 as amended by this act do not apply and the priorities of claims to Article 12 property were established before August 28, 2024, law other than Article 12 determines priority.

(c) When the priority rules of Article 9 as amended by this act do not apply, to the extent the priorities determined by this act modify the priorities established before August 28, 2024, the priorities of claims to Article 12 property established before August 28, 2024, cease to apply on the adjustment date.”; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 4

Amend House Committee Substitute No. 2 for Senate Substitute for Senate Committee Substitute for Senate Bill No. 835, Page 95, Section 362.1117, Line 9, by inserting after all of said section and line the following:

“376.427. 1. As used in this section, the following terms mean:

(1) “Health benefit plan”, as such term is defined in section 376.1350. The term health benefit plan shall also include a prepaid dental plan, as defined in section 354.700;

(2) “Health care services”, medical, surgical, dental, podiatric, pharmaceutical, chiropractic, licensed ambulance service, and optometric services;

(3) “Health carrier” or “carrier”, as such term is defined in section 376.1350. The term health carrier or carrier shall also include a prepaid dental plan corporation, as defined in section 354.700;

(4) “Insured”, any person entitled to benefits under a contract of accident and sickness insurance, or medical-payment insurance issued as a supplement to liability insurance but not including any other coverages contained in a liability or a workers' compensation policy, issued by an insurer;

(5) “Insurer”, any person, reciprocal exchange, interinsurer, fraternal benefit society, health services corporation, self-insured group arrangement to the extent not prohibited by federal law, prepaid dental plan corporation as defined in section 354.700, or any other legal entity engaged in the business of insurance;

(6) “Provider”, a physician, hospital, dentist, podiatrist, chiropractor, pharmacy, licensed ambulance service, or optometrist, licensed by this state.

2. Upon receipt of an assignment of benefits made by the insured to a provider, the insurer shall issue the instrument of payment for a claim for payment for health care services in the name of the provider. All claims shall be paid within thirty days of the receipt by the insurer of all documents reasonably needed to determine the claim.

3. Nothing in this section shall preclude an insurer from voluntarily issuing an instrument of payment in the single name of the provider.

4. Except as provided in subsection 5 of this section, this section shall not require any insurer, health services corporation, prepaid dental plan as defined in section 354.700, health maintenance corporation or preferred provider organization which directly contracts with certain members of a class of providers for the delivery of health care services to issue payment as provided pursuant to this section to those members of the class which do not have a contract with the insurer.

5. When a patient's health benefit plan does not include or require payment to out-of-network providers for all or most covered services, which would otherwise be covered if the patient received such services from a provider in the health benefit plan's network, including but not limited to health maintenance organization plans, as such term is defined in section 354.400, or a health benefit plan offered by a carrier consistent with subdivision (19) of section 376.426, payment for all services shall be made directly to the providers when the health carrier has authorized such services to be received from a provider outside the health benefit plan's network.

6. Payments made to providers under this section shall be subject to the provisions of section 376.383. Entities that are not currently subject to the provisions of section 376.383 shall have a delayed effective date of January 1, 2026 to be subject to such provisions.”; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

In which the concurrence of the Senate is respectfully requested.

Also,

Mr. President: I am instructed by the House of Representatives to inform the Senate that the House has taken up and passed **HCS** for **SS** for **SCS** for **SB 1351**, entitled:

An Act to repeal sections 256.410, 644.016, 644.041, 644.051, and 644.145, RSMo, and to enact in lieu thereof five new sections relating to water resources, with a penalty provision and an emergency clause for certain sections.

With House Substitute Amendment No. 1 for House Amendment No. 1 and House Amendment No. 2.

HOUSE SUBSTITUTED AMENDMENT NO. 1 FOR
HOUSE AMENDMENT NO. 1

Amend House Committee Substitute for Senate Substitute for Senate Committee Substitute for Senate Bill No. 1351, Page 1, In the Title, Line 3, by deleting the words "water resources" and inserting in lieu thereof the words "rural community development"; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 2

Amend House Committee Substitute for Senate Substitute for Senate Committee Substitute for Senate Bill No. 1351, Page 1, Section A, Line 3, by inserting after all of said section and line the following:

“68.080. 1. There is hereby established in the state treasury the “Waterways and Ports Trust Fund”. The fund shall consist of revenues appropriated to it by the general assembly.

2. The fund may also receive any gifts, contributions, grants, or bequests received from federal, private, or other sources.

3. The fund shall be a revolving trust fund exempt from the provisions of section 33.080 relating to the transfer of unexpended balances by the state treasurer to the general revenue fund of the state. All interest earned upon the balance in the fund shall be deposited to the credit of the fund.

4. Moneys in the fund shall be withdrawn only **at the request of a Missouri port authority for statutorily permitted port purposes and** upon appropriation by the general assembly, to be administered by the state highways and transportation commission and the department of transportation, in consultation with Missouri public ports, for the purposes in subsection 2 of section 68.035 and for no other purpose. To be eligible to receive an appropriation from the fund, a project shall be:

(1) A capital improvement project implementing physical improvements designed to improve commerce or terminal and transportation facilities on or adjacent to the navigable rivers of this state;

(2) Located on land owned or held in long-term lease by a Missouri port authority, **or on land owned by a city not within a county and managed by a Missouri port authority**, or within a navigable river adjacent to such land, and within the boundaries of a port authority;

(3) Funded by alternate sources so that moneys from the fund comprise no more than eighty percent of the cost of the project;

(4) Selected and approved by the highways and transportation commission, in consultation with Missouri public ports, to support a statewide plan for waterborne commerce, in accordance with subdivision (1) of section 68.065; and

(5) Capable of completion within two years of approval by the highways and transportation commission.

5. Appropriations made from the fund established in this section may be used as a local share in applying for other grant programs.

6. The provisions of this section shall terminate on August 28, 2033, pending the discharge of all warrants. On December 31, 2033, the fund shall be dissolved and the unencumbered balance shall be transferred to the general revenue fund.

79.235. 1. Notwithstanding any law to the contrary and for any city of the fourth classification with less than three thousand inhabitants, if a statute or ordinance authorizes the mayor of a city of the fourth classification to appoint a member of a board or commission, any requirement that the appointed person be a resident of the city shall be deemed satisfied if the person owns real property or a business in the city, regardless of whether the position to which the appointment is made is considered an officer of the city under section 79.250.

2. Notwithstanding any law to the contrary and for any city of the fourth classification with less than three thousand inhabitants, if a statute or ordinance authorizes a mayor to appoint a member of a board that manages a municipal utility of the city, any requirement that the appointed person be a resident of the city shall be deemed satisfied if all of the following conditions are met:

(1) The board has no authority to set utility rates or to issue bonds;

(2) The person resides within five miles of the city limits;

(3) The person owns real property or a business in the city;

(4) The person or the person's business is a customer of a public utility, as described under section 91.450, managed by the board; and

(5) The person has no pecuniary interest in, and is not an employee or board member of, any utility or other entity that offers the same type of service as the utility managed by the board.

143.121. 1. The Missouri adjusted gross income of a resident individual shall be the taxpayer's federal adjusted gross income subject to the modifications in this section.

2. There shall be added to the taxpayer's federal adjusted gross income:

(1) The amount of any federal income tax refund received for a prior year which resulted in a Missouri income tax benefit. The amount added pursuant to this subdivision shall not include any amount of a federal income tax refund attributable to a tax credit reducing a taxpayer's federal tax liability pursuant to Public Law 116-136 or 116-260, enacted by the 116th United States Congress, for the tax year beginning on or after January 1, 2020, and ending on or before December 31, 2020, and deducted from Missouri adjusted gross income pursuant to section 143.171. The amount added under this subdivision shall also not include any amount of a federal income tax refund attributable to a tax credit reducing a taxpayer's federal tax liability under any other federal law that provides direct economic impact payments to taxpayers to mitigate financial challenges related to the COVID-19 pandemic, and deducted from Missouri adjusted gross income under section 143.171;

(2) Interest on certain governmental obligations excluded from federal gross income by 26 U.S.C. Section 103 of the Internal Revenue Code, as amended. The previous sentence shall not apply to interest

on obligations of the state of Missouri or any of its political subdivisions or authorities and shall not apply to the interest described in subdivision (1) of subsection 3 of this section. The amount added pursuant to this subdivision shall be reduced by the amounts applicable to such interest that would have been deductible in computing the taxable income of the taxpayer except only for the application of 26 U.S.C. Section 265 of the Internal Revenue Code, as amended. The reduction shall only be made if it is at least five hundred dollars;

(3) The amount of any deduction that is included in the computation of federal taxable income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended by the Job Creation and Worker Assistance Act of 2002 to the extent the amount deducted relates to property purchased on or after July 1, 2002, but before July 1, 2003, and to the extent the amount deducted exceeds the amount that would have been deductible pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code of 1986 as in effect on January 1, 2002;

(4) The amount of any deduction that is included in the computation of federal taxable income for net operating loss allowed by 26 U.S.C. Section 172 of the Internal Revenue Code of 1986, as amended, other than the deduction allowed by 26 U.S.C. Section 172(b)(1)(G) and 26 U.S.C. Section 172(i) of the Internal Revenue Code of 1986, as amended, for a net operating loss the taxpayer claims in the tax year in which the net operating loss occurred or carries forward for a period of more than twenty years and carries backward for more than two years. Any amount of net operating loss taken against federal taxable income but disallowed for Missouri income tax purposes pursuant to this subdivision after June 18, 2002, may be carried forward and taken against any income on the Missouri income tax return for a period of not more than twenty years from the year of the initial loss; and

(5) For nonresident individuals in all taxable years ending on or after December 31, 2006, the amount of any property taxes paid to another state or a political subdivision of another state for which a deduction was allowed on such nonresident's federal return in the taxable year unless such state, political subdivision of a state, or the District of Columbia allows a subtraction from income for property taxes paid to this state for purposes of calculating income for the income tax for such state, political subdivision of a state, or the District of Columbia;

(6) For all tax years beginning on or after January 1, 2018, any interest expense paid or accrued in a previous taxable year, but allowed as a deduction under 26 U.S.C. Section 163, as amended, in the current taxable year by reason of the carryforward of disallowed business interest provisions of 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C. Section 163(j), as amended, did not exist.

3. There shall be subtracted from the taxpayer's federal adjusted gross income the following amounts to the extent included in federal adjusted gross income:

(1) Interest received on deposits held at a federal reserve bank or interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentality of the United States to the extent exempt from Missouri income taxes pursuant to the laws of the United States. The amount subtracted pursuant to this subdivision shall be reduced by any interest on indebtedness incurred to carry the described obligations or securities and by any expenses incurred in the production of interest or dividend income described in this subdivision. The reduction in the previous sentence shall

only apply to the extent that such expenses including amortizable bond premiums are deducted in determining the taxpayer's federal adjusted gross income or included in the taxpayer's Missouri itemized deduction. The reduction shall only be made if the expenses total at least five hundred dollars;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis to the taxpayer for Missouri income tax purposes than for federal income tax purposes on December 31, 1972, that does not exceed such difference in basis. If a gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to one-half of such portion of the gain;

(3) The amount necessary to prevent the taxation pursuant to this chapter of any annuity or other amount of income or gain which was properly included in income or gain and was taxed pursuant to the laws of Missouri for a taxable year prior to January 1, 1973, to the taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive the income or gain, or to a trust or estate from which the taxpayer received the income or gain;

(4) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the extent that the same are included in federal adjusted gross income;

(5) The amount of any state income tax refund for a prior year which was included in the federal adjusted gross income;

(6) The portion of capital gain specified in section 135.357 that would otherwise be included in federal adjusted gross income;

(7) The amount that would have been deducted in the computation of federal taxable income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as in effect on January 1, 2002, to the extent that amount relates to property purchased on or after July 1, 2002, but before July 1, 2003, and to the extent that amount exceeds the amount actually deducted pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended by the Job Creation and Worker Assistance Act of 2002;

(8) For all tax years beginning on or after January 1, 2005, the amount of any income received for military service while the taxpayer serves in a combat zone which is included in federal adjusted gross income and not otherwise excluded therefrom. As used in this section, "combat zone" means any area which the President of the United States by Executive Order designates as an area in which Armed Forces of the United States are or have engaged in combat. Service is performed in a combat zone only if performed on or after the date designated by the President by Executive Order as the date of the commencing of combat activities in such zone, and on or before the date designated by the President by Executive Order as the date of the termination of combatant activities in such zone;

(9) For all tax years ending on or after July 1, 2002, with respect to qualified property that is sold or otherwise disposed of during a taxable year by a taxpayer and for which an additional modification was made under subdivision (3) of subsection 2 of this section, the amount by which additional modification made under subdivision (3) of subsection 2 of this section on qualified property has not been recovered through the additional subtractions provided in subdivision (7) of this subsection;

(10) For all tax years beginning on or after January 1, 2014, the amount of any income received as payment from any program which provides compensation to agricultural producers who have suffered a loss as the result of a disaster or emergency, including the:

- (a) Livestock Forage Disaster Program;
- (b) Livestock Indemnity Program;
- (c) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish;
- (d) Emergency Conservation Program;
- (e) Noninsured Crop Disaster Assistance Program;
- (f) Pasture, Rangeland, Forage Pilot Insurance Program;
- (g) Annual Forage Pilot Program;
- (h) Livestock Risk Protection Insurance Plan;
- (i) Livestock Gross Margin Insurance Plan;

(11) For all tax years beginning on or after January 1, 2018, any interest expense paid or accrued in the current taxable year, but not deducted as a result of the limitation imposed under 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C. Section 163(j), as amended, did not exist;

(12) One hundred percent of any retirement benefits received by any taxpayer as a result of the taxpayer's service in the Armed Forces of the United States, including reserve components and the National Guard of this state, as defined in 32 U.S.C. Sections 101(3) and 109, and any other military force organized under the laws of this state; and

(13) **For all tax years beginning on or after January 1, 2022**, one hundred percent of any federal, state, or local grant moneys received by the taxpayer if the grant money was disbursed for the express purpose of providing or expanding access to broadband internet to areas of the state deemed to be lacking such access.

4. There shall be added to or subtracted from the taxpayer's federal adjusted gross income the taxpayer's share of the Missouri fiduciary adjustment provided in section 143.351.

5. There shall be added to or subtracted from the taxpayer's federal adjusted gross income the modifications provided in section 143.411.

6. In addition to the modifications to a taxpayer's federal adjusted gross income in this section, to calculate Missouri adjusted gross income there shall be subtracted from the taxpayer's federal adjusted gross income any gain recognized pursuant to 26 U.S.C. Section 1033 of the Internal Revenue Code of 1986, as amended, arising from compulsory or involuntary conversion of property as a result of condemnation or the imminence thereof.

7. (1) As used in this subsection, "qualified health insurance premium" means the amount paid during the tax year by such taxpayer for any insurance policy primarily providing health care coverage for the taxpayer, the taxpayer's spouse, or the taxpayer's dependents.

(2) In addition to the subtractions in subsection 3 of this section, one hundred percent of the amount of qualified health insurance premiums shall be subtracted from the taxpayer's federal adjusted gross income to the extent the amount paid for such premiums is included in federal taxable income. The taxpayer shall provide the department of revenue with proof of the amount of qualified health insurance premiums paid.

8. (1) Beginning January 1, 2014, in addition to the subtractions provided in this section, one hundred percent of the cost incurred by a taxpayer for a home energy audit conducted by an entity certified by the department of natural resources under section 640.153 or the implementation of any energy efficiency recommendations made in such an audit shall be subtracted from the taxpayer's federal adjusted gross income to the extent the amount paid for any such activity is included in federal taxable income. The taxpayer shall provide the department of revenue with a summary of any recommendations made in a qualified home energy audit, the name and certification number of the qualified home energy auditor who conducted the audit, and proof of the amount paid for any activities under this subsection for which a deduction is claimed. The taxpayer shall also provide a copy of the summary of any recommendations made in a qualified home energy audit to the department of natural resources.

(2) At no time shall a deduction claimed under this subsection by an individual taxpayer or taxpayers filing combined returns exceed one thousand dollars per year for individual taxpayers or cumulatively exceed two thousand dollars per year for taxpayers filing combined returns.

(3) Any deduction claimed under this subsection shall be claimed for the tax year in which the qualified home energy audit was conducted or in which the implementation of the energy efficiency recommendations occurred. If implementation of the energy efficiency recommendations occurred during more than one year, the deduction may be claimed in more than one year, subject to the limitations provided under subdivision (2) of this subsection.

(4) A deduction shall not be claimed for any otherwise eligible activity under this subsection if such activity qualified for and received any rebate or other incentive through a state-sponsored energy program or through an electric corporation, gas corporation, electric cooperative, or municipally owned utility.

9. The provisions of subsection 8 of this section shall expire on December 31, 2020.

10. (1) As used in this subsection, the following terms mean:

(a) "Beginning farmer", a taxpayer who:

a. Has filed at least one but not more than ten Internal Revenue Service Schedule F (Form 1040) Profit or Loss From Farming forms since turning eighteen years of age;

b. Is approved for a beginning farmer loan through the USDA Farm Service Agency Beginning Farmer direct or guaranteed loan program;

c. Has a farming operation that is determined by the department of agriculture to be new production agriculture but is the principal operator of a farm and has substantial farming knowledge; or

d. Has been determined by the department of agriculture to be a qualified family member;

(b) “Farm owner”, [an individual] **a taxpayer** who owns farmland and disposes of or relinquishes use of all or some portion of such farmland as follows:

- a. A sale to a beginning farmer;
- b. A lease or rental agreement not exceeding ten years with a beginning farmer; or
- c. A crop-share arrangement not exceeding ten years with a beginning farmer;

(c) “Qualified family member”, an individual who is related to a farm owner within the fourth degree by blood, marriage, or adoption and who is purchasing or leasing or is in a crop-share arrangement for land from all or a portion of such farm owner's farming operation;

(d) “Taxpayer”, any individual, firm, partner in a firm, corporation, partnership, shareholder in an S corporation, or member of a limited liability company subject to the income tax imposed under this chapter, excluding withholding tax imposed under sections 143.191 to 143.265.

(2) (a) In addition to all other subtractions authorized in this section, a taxpayer who is a farm owner who sells all or a portion of such farmland to a beginning farmer may subtract from such taxpayer's Missouri adjusted gross income an amount to the extent included in federal adjusted gross income as provided in this subdivision.

(b) Subject to the limitations in paragraph (c) of this subdivision, the amount that may be subtracted shall be equal to the portion of capital gains received from the sale of such farmland that such taxpayer receives in the tax year for which such taxpayer subtracts such capital gain.

(c) A taxpayer may subtract the following amounts and percentages per tax year in total capital gains received from the sale of such farmland under this subdivision:

- a. For the first two million dollars received, one hundred percent;
- b. For the next one million dollars received, eighty percent;
- c. For the next one million dollars received, sixty percent;
- d. For the next one million dollars received, forty percent; and
- e. For the next one million dollars received, twenty percent.

(d) The department of revenue shall prepare an annual report reviewing the costs and benefits and containing statistical information regarding the subtraction of capital gains authorized under this subdivision for the previous tax year including, but not limited to, the total amount of all capital gains subtracted and the number of taxpayers subtracting such capital gains. Such report shall be submitted before February first of each year to the committee on agriculture policy of the Missouri house of representatives and the committee on agriculture, food production and outdoor resources of the Missouri senate, or the successor committees.

(3) (a) In addition to all other subtractions authorized in this section, a taxpayer who is a farm owner who enters a lease or rental agreement for all or a portion of such farmland with a beginning farmer may subtract from such taxpayer's Missouri adjusted gross income an amount to the extent included in federal adjusted gross income as provided in this subdivision.

(b) Subject to the limitation in paragraph (c) of this subdivision, the amount that may be subtracted shall be equal to the portion of cash rent income received from the lease or rental of such farmland that such taxpayer receives in the tax year for which such taxpayer subtracts such income.

(c) No taxpayer shall subtract more than twenty-five thousand dollars per tax year in total cash rent income received from the lease or rental of such farmland under this subdivision.

(4) (a) In addition to all other subtractions authorized in this section, a taxpayer who is a farm owner who enters a crop-share arrangement on all or a portion of such farmland with a beginning farmer may subtract from such taxpayer's Missouri adjusted gross income an amount to the extent included in federal adjusted gross income as provided in this subdivision.

(b) Subject to the limitation in paragraph (c) of this subdivision, the amount that may be subtracted shall be equal to the portion of income received from the crop-share arrangement on such farmland that such taxpayer receives in the tax year for which such taxpayer subtracts such income.

(c) No taxpayer shall subtract more than twenty-five thousand dollars per tax year in total income received from the lease or rental of such farmland under this subdivision.

(5) The department of agriculture shall, by rule, establish a process to verify that a taxpayer is a beginning farmer for purposes of this section and shall provide verification to the beginning farmer and farm seller of such farmer's and seller's certification and qualification for the exemption provided in this subsection.”; and

Further amend said bill, Page 2, Section 256.410, Line 40, by inserting after all of said section and line the following:

“301.010. As used in this chapter and sections 304.010 to 304.040, 304.120 to 304.260, and sections 307.010 to 307.175, the following terms mean:

(1) “All-terrain vehicle”, any motorized vehicle manufactured and used exclusively for off-highway use, with an unladen dry weight of one thousand five hundred pounds or less, traveling on three, four or more nonhighway tires, with either:

(a) A seat designed to be straddled by the operator, and handlebars for steering control, but excluding an electric bicycle; or

(b) A width of fifty inches or less, measured from outside of tire rim to outside of tire rim, regardless of seating or steering arrangement;

(2) “Autocycle”, a three-wheeled motor vehicle which the drivers and passengers ride in a partially or completely enclosed nonstraddle seating area, that is designed to be controlled with a steering wheel and pedals, and that has met applicable Department of Transportation National Highway Traffic Safety Administration requirements or federal motorcycle safety standards;

(3) “Automobile transporter”, any vehicle combination capable of carrying cargo on the power unit and designed and used for the transport of assembled motor vehicles, including truck camper units;

(4) “Axle load”, the total load transmitted to the road by all wheels whose centers are included between two parallel transverse vertical planes forty inches apart, extending across the full width of the vehicle;

(5) “Backhaul”, the return trip of a vehicle transporting cargo or general freight, especially when carrying goods back over all or part of the same route;

(6) “Boat transporter”, any vehicle combination capable of carrying cargo on the power unit and designed and used specifically to transport assembled boats and boat hulls. Boats may be partially disassembled to facilitate transporting;

(7) “Body shop”, a business that repairs physical damage on motor vehicles that are not owned by the shop or its officers or employees by mending, straightening, replacing body parts, or painting;

(8) “Bus”, a motor vehicle primarily for the transportation of a driver and eight or more passengers but not including shuttle buses;

(9) “Commercial motor vehicle”, a motor vehicle designed or regularly used for carrying freight and merchandise, or more than eight passengers but not including vanpools or shuttle buses;

(10) “Cotton trailer”, a trailer designed [and used exclusively] for transporting cotton at speeds less than [forty] **sixty-five** miles per hour from field to field or from field to market and return;

(11) “Dealer”, any person, firm, corporation, association, agent or subagent engaged in the sale or exchange of new, used or reconstructed motor vehicles or trailers;

(12) “Director” or “director of revenue”, the director of the department of revenue;

(13) “Driveaway operation”:

(a) The movement of a motor vehicle or trailer by any person or motor carrier other than a dealer over any public highway, under its own power singly, or in a fixed combination of two or more vehicles, for the purpose of delivery for sale or for delivery either before or after sale;

(b) The movement of any vehicle or vehicles, not owned by the transporter, constituting the commodity being transported, by a person engaged in the business of furnishing drivers and operators for the purpose of transporting vehicles in transit from one place to another by the driveaway or towaway methods; or

(c) The movement of a motor vehicle by any person who is lawfully engaged in the business of transporting or delivering vehicles that are not the person's own and vehicles of a type otherwise required to be registered, by the driveaway or towaway methods, from a point of manufacture, assembly or distribution or from the owner of the vehicles to a dealer or sales agent of a manufacturer or to any consignee designated by the shipper or consignor;

(14) “Dromedary”, a box, deck, or plate mounted behind the cab and forward of the fifth wheel on the frame of the power unit of a truck tractor-semitrailer combination. A truck tractor equipped with a dromedary may carry part of a load when operating independently or in a combination with a semitrailer;

(15) “Electric bicycle”, a bicycle equipped with fully operable pedals, a saddle or seat for the rider, and an electric motor of less than 750 watts that meets the requirements of one of the following three classes:

(a) "Class 1 electric bicycle", an electric bicycle equipped with a motor that provides assistance only when the rider is pedaling and that ceases to provide assistance when the bicycle reaches the speed of twenty miles per hour;

(b) "Class 2 electric bicycle", an electric bicycle equipped with a motor that may be used exclusively to propel the bicycle and that is not capable of providing assistance when the bicycle reaches the speed of twenty miles per hour; or

(c) "Class 3 electric bicycle", an electric bicycle equipped with a motor that provides assistance only when the rider is pedaling and that ceases to provide assistance when the bicycle reaches the speed of twenty-eight miles per hour;

(16) "Farm tractor", a tractor used exclusively for agricultural purposes;

(17) "Fleet", any group of ten or more motor vehicles owned by the same owner;

(18) "Fleet vehicle", a motor vehicle which is included as part of a fleet;

(19) "Fullmount", a vehicle mounted completely on the frame of either the first or last vehicle in a saddlemount combination;

(20) "Gross weight", the weight of vehicle and/or vehicle combination without load, plus the weight of any load thereon;

(21) "Hail-damaged vehicle", any vehicle, the body of which has become dented as the result of the impact of hail;

(22) "Highway", any public thoroughfare for vehicles, including state roads, county roads and public streets, avenues, boulevards, parkways or alleys in any municipality;

(23) "Improved highway", a highway which has been paved with gravel, macadam, concrete, brick or asphalt, or surfaced in such a manner that it shall have a hard, smooth surface;

(24) "Intersecting highway", any highway which joins another, whether or not it crosses the same;

(25) "Junk vehicle", a vehicle which:

(a) Is incapable of operation or use upon the highways and has no resale value except as a source of parts or scrap; or

(b) Has been designated as junk or a substantially equivalent designation by this state or any other state;

(26) "Kit vehicle", a motor vehicle assembled by a person other than a generally recognized manufacturer of motor vehicles by the use of a glider kit or replica purchased from an authorized manufacturer and accompanied by a manufacturer's statement of origin;

(27) "Land improvement contractors' commercial motor vehicle", any not-for-hire commercial motor vehicle the operation of which is confined to:

(a) An area that extends not more than a radius of one hundred fifty miles from its home base of operations when transporting its owner's machinery, equipment, or auxiliary supplies to or from projects

involving soil and water conservation, or to and from equipment dealers' maintenance facilities for maintenance purposes; or

(b) An area that extends not more than a radius of fifty miles from its home base of operations when transporting its owner's machinery, equipment, or auxiliary supplies to or from projects not involving soil and water conservation.

Nothing in this subdivision shall be construed to prevent any motor vehicle from being registered as a commercial motor vehicle or local commercial motor vehicle;

(28) "Local commercial motor vehicle", a commercial motor vehicle whose operations are confined to a municipality and that area extending not more than fifty miles therefrom, or a commercial motor vehicle whose property-carrying operations are confined solely to the transportation of property owned by any person who is the owner or operator of such vehicle to or from a farm owned by such person or under the person's control by virtue of a landlord and tenant lease; provided that any such property transported to any such farm is for use in the operation of such farm;

(29) "Local log truck", a commercial motor vehicle which is registered pursuant to this chapter to operate as a motor vehicle on the public highways of this state; used exclusively in this state; used to transport harvested forest products; operated solely at a forested site and in an area extending not more than a one hundred fifty mile radius from such site; and when operated on the national system of interstate and defense highways described in 23 U.S.C. Section 103, as amended, or outside the one hundred fifty mile radius from such site with an extended distance local log truck permit, does not have more than four axles, and does not pull a trailer which has more than three axles. Harvesting equipment which is used specifically for cutting, felling, trimming, delimiting, debarking, chipping, skidding, loading, unloading, and stacking may be transported on a local log truck;

(30) "Local log truck tractor", a commercial motor vehicle which is registered under this chapter to operate as a motor vehicle on the public highways of this state; used exclusively in this state; used to transport harvested forest products, operated at a forested site and in an area extending not more than a one hundred fifty mile radius from such site; and when operated on the national system of interstate and defense highways described in 23 U.S.C. Section 103, as amended, or outside the one hundred fifty mile radius from such site with an extended distance local log truck permit, does not have more than three axles and does not pull a trailer which has more than three axles;

(31) "Local transit bus", a bus whose operations are confined wholly within a municipal corporation, or wholly within a municipal corporation and a commercial zone, as defined in section 390.020, adjacent thereto, forming a part of a public transportation system within such municipal corporation and such municipal corporation and adjacent commercial zone;

(32) "Log truck", a vehicle which is not a local log truck or local log truck tractor and is used exclusively to transport harvested forest products to and from forested sites which is registered pursuant to this chapter to operate as a motor vehicle on the public highways of this state for the transportation of harvested forest products;

(33) "Major component parts", the rear clip, cowl, frame, body, cab, front-end assembly, and front clip, as those terms are defined by the director of revenue pursuant to rules and regulations or by illustrations;

(34) “Manufacturer”, any person, firm, corporation or association engaged in the business of manufacturing or assembling motor vehicles, trailers or vessels for sale;

(35) “Motor change vehicle”, a vehicle manufactured prior to August, 1957, which receives a new, rebuilt or used engine, and which used the number stamped on the original engine as the vehicle identification number;

(36) “Motor vehicle”, any self-propelled vehicle not operated exclusively upon tracks, except farm tractors and electric bicycles;

(37) “Motor vehicle primarily for business use”, any vehicle other than a recreational motor vehicle, motorcycle, motortricycle, or any commercial motor vehicle licensed for over twelve thousand pounds:

(a) Offered for hire or lease; or

(b) The owner of which also owns ten or more such motor vehicles;

(38) “Motorcycle”, a motor vehicle operated on two wheels;

(39) “Motorized bicycle”, any two-wheeled or three-wheeled device having an automatic transmission and a motor with a cylinder capacity of not more than fifty cubic centimeters, which produces less than three gross brake horsepower, and is capable of propelling the device at a maximum speed of not more than thirty miles per hour on level ground, but excluding an electric bicycle;

(40) “Motortricycle”, a motor vehicle upon which the operator straddles or sits astride that is designed to be controlled by handle bars and is operated on three wheels, including a motorcycle while operated with any conveyance, temporary or otherwise, requiring the use of a third wheel, but excluding an electric bicycle. A motortricycle shall not be included in the definition of all-terrain vehicle;

(41) “Municipality”, any city, town or village, whether incorporated or not;

(42) “Nonresident”, a resident of a state or country other than the state of Missouri;

(43) “Non-USA-std motor vehicle”, a motor vehicle not originally manufactured in compliance with United States emissions or safety standards;

(44) “Operator”, any person who operates or drives a motor vehicle;

(45) “Owner”, any person, firm, corporation or association, who holds the legal title to a vehicle or who has executed a buyer's order or retail installment sales contract with a motor vehicle dealer licensed under sections 301.550 to 301.580 for the purchase of a vehicle with an immediate right of possession vested in the transferee, or in the event a vehicle is the subject of an agreement for the conditional sale or lease thereof with the right of purchase upon performance of the conditions stated in the agreement and with an immediate right of possession vested in the conditional vendee or lessee, or in the event a mortgagor of a vehicle is entitled to possession, then such conditional vendee or lessee or mortgagor shall be deemed the owner;

(46) “Public garage”, a place of business where motor vehicles are housed, stored, repaired, reconstructed or repainted for persons other than the owners or operators of such place of business;

(47) “Rebuilder”, a business that repairs or rebuilds motor vehicles owned by the rebuilder, but does not include certificated common or contract carriers of persons or property;

(48) “Reconstructed motor vehicle”, a vehicle that is altered from its original construction by the addition or substitution of two or more new or used major component parts, excluding motor vehicles made from all new parts, and new multistage manufactured vehicles;

(49) “Recreational motor vehicle”, any motor vehicle designed, constructed or substantially modified so that it may be used and is used for the purposes of temporary housing quarters, including therein sleeping and eating facilities which are either permanently attached to the motor vehicle or attached to a unit which is securely attached to the motor vehicle. Nothing herein shall prevent any motor vehicle from being registered as a commercial motor vehicle if the motor vehicle could otherwise be so registered;

(50) “Recreational off-highway vehicle”, any motorized vehicle manufactured and used exclusively for off-highway use which is more than fifty inches but no more than eighty inches in width, measured from outside of tire rim to outside of tire rim, with an unladen dry weight of three thousand five hundred pounds or less, traveling on four or more nonhighway tires and which may have access to ATV trails;

(51) “Recreational trailer”, any trailer designed, constructed, or substantially modified so that it may be used and is used for the purpose of temporary housing quarters, including therein sleeping or eating facilities, which can be temporarily attached to a motor vehicle or attached to a unit which is securely attached to a motor vehicle;

(52) “Rollback or car carrier”, any vehicle specifically designed to transport wrecked, disabled or otherwise inoperable vehicles, when the transportation is directly connected to a wrecker or towing service;

(53) “Saddlemount combination”, a combination of vehicles in which a truck or truck tractor tows one or more trucks or truck tractors, each connected by a saddle to the frame or fifth wheel of the vehicle in front of it. The “saddle” is a mechanism that connects the front axle of the towed vehicle to the frame or fifth wheel of the vehicle in front and functions like a fifth wheel kingpin connection. When two vehicles are towed in this manner the combination is called a “double saddlemount combination”. When three vehicles are towed in this manner, the combination is called a “triple saddlemount combination”;

(54) “Salvage dealer and dismantler”, a business that dismantles used motor vehicles for the sale of the parts thereof, and buys and sells used motor vehicle parts and accessories;

(55) “Salvage vehicle”, a motor vehicle, semitrailer, or house trailer which:

(a) Was damaged during a year that is no more than six years after the manufacturer's model year designation for such vehicle to the extent that the total cost of repairs to rebuild or reconstruct the vehicle to its condition immediately before it was damaged for legal operation on the roads or highways exceeds eighty percent of the fair market value of the vehicle immediately preceding the time it was damaged;

(b) By reason of condition or circumstance, has been declared salvage, either by its owner, or by a person, firm, corporation, or other legal entity exercising the right of security interest in it;

(c) Has been declared salvage by an insurance company as a result of settlement of a claim;

(d) Ownership of which is evidenced by a salvage title; or

(e) Is abandoned property which is titled pursuant to section 304.155 or section 304.157 and designated with the words “salvage/abandoned property”. The total cost of repairs to rebuild or reconstruct the vehicle shall not include the cost of repairing, replacing, or reinstalling inflatable safety restraints, tires, sound systems, or damage as a result of hail, or any sales tax on parts or materials to rebuild or reconstruct the vehicle. For purposes of this definition, “fair market value” means the retail value of a motor vehicle as:

a. Set forth in a current edition of any nationally recognized compilation of retail values, including automated databases, or from publications commonly used by the automotive and insurance industries to establish the values of motor vehicles;

b. Determined pursuant to a market survey of comparable vehicles with regard to condition and equipment; and

c. Determined by an insurance company using any other procedure recognized by the insurance industry, including market surveys, that is applied by the company in a uniform manner;

(56) “School bus”, any motor vehicle used solely to transport students to or from school or to transport students to or from any place for educational purposes;

(57) “Scrap processor”, a business that, through the use of fixed or mobile equipment, flattens, crushes, or otherwise accepts motor vehicles and vehicle parts for processing or transportation to a shredder or scrap metal operator for recycling;

(58) “Shuttle bus”, a motor vehicle used or maintained by any person, firm, or corporation as an incidental service to transport patrons or customers of the regular business of such person, firm, or corporation to and from the place of business of the person, firm, or corporation providing the service at no fee or charge. Shuttle buses shall not be registered as buses or as commercial motor vehicles;

(59) “Special mobile equipment”, every self-propelled vehicle not designed or used primarily for the transportation of persons or property and incidentally operated or moved over the highways, including farm equipment, implements of husbandry, road construction or maintenance machinery, ditch-digging apparatus, stone crushers, air compressors, power shovels, cranes, graders, rollers, well-drillers and wood-sawing equipment used for hire, asphalt spreaders, bituminous mixers, bucket loaders, ditchers, leveling graders, finished machines, motor graders, road rollers, scarifiers, earth-moving carryalls, scrapers, drag lines, concrete pump trucks, rock-drilling and earth-moving equipment. This enumeration shall be deemed partial and shall not operate to exclude other such vehicles which are within the general terms of this section;

(60) “Specially constructed motor vehicle”, a motor vehicle which shall not have been originally constructed under a distinctive name, make, model or type by a manufacturer of motor vehicles. The term specially constructed motor vehicle includes kit vehicles;

(61) “Stinger-steered combination”, a truck tractor-semitrailer wherein the fifth wheel is located on a drop frame located behind and below the rearmost axle of the power unit;

(62) “Tandem axle”, a group of two or more axles, arranged one behind another, the distance between the extremes of which is more than forty inches and not more than ninety-six inches apart;

(63) “Towaway trailer transporter combination”, a combination of vehicles consisting of a trailer transporter towing unit and two trailers or semitrailers, with a total weight that does not exceed twenty-six thousand pounds; and in which the trailers or semitrailers carry no property and constitute inventory property of a manufacturer, distributor, or dealer of such trailers or semitrailers;

(64) “Tractor”, “truck tractor” or “truck-tractor”, a self-propelled motor vehicle designed for drawing other vehicles, but not for the carriage of any load when operating independently. When attached to a semitrailer, it supports a part of the weight thereof;

(65) “Trailer”, any vehicle without motive power designed for carrying property or passengers on its own structure and for being drawn by a self-propelled vehicle, except those running exclusively on tracks, including a semitrailer or vehicle of the trailer type so designed and used in conjunction with a self-propelled vehicle that a considerable part of its own weight rests upon and is carried by the towing vehicle. The term trailer shall not include cotton trailers as defined in this section and shall not include manufactured homes as defined in section 700.010;

(66) “Trailer transporter towing unit”, a power unit that is not used to carry property when operating in a towaway trailer transporter combination;

(67) “Truck”, a motor vehicle designed, used, or maintained for the transportation of property;

(68) “Truck-tractor semitrailer-semitrailer”, a combination vehicle in which the two trailing units are connected with a B-train assembly which is a rigid frame extension attached to the rear frame of a first semitrailer which allows for a fifth-wheel connection point for the second semitrailer and has one less articulation point than the conventional A-dolly connected truck-tractor semitrailer-trailer combination;

(69) “Truck-trailer boat transporter combination”, a boat transporter combination consisting of a straight truck towing a trailer using typically a ball and socket connection with the trailer axle located substantially at the trailer center of gravity rather than the rear of the trailer but so as to maintain a downward force on the trailer tongue;

(70) “Used parts dealer”, a business that buys and sells used motor vehicle parts or accessories, but not including a business that sells only new, remanufactured or rebuilt parts. Business does not include isolated sales at a swap meet of less than three days;

(71) “Utility vehicle”, any motorized vehicle manufactured and used exclusively for off-highway use which is more than fifty inches but no more than eighty inches in width, measured from outside of tire rim to outside of tire rim, with an unladen dry weight of three thousand five hundred pounds or less, traveling on four or six wheels, to be used primarily for landscaping, lawn care, or maintenance purposes;

(72) “Vanpool”, any van or other motor vehicle used or maintained by any person, group, firm, corporation, association, city, county or state agency, or any member thereof, for the transportation of not less than eight nor more than forty-eight employees, per motor vehicle, to and from their place of employment; however, a vanpool shall not be included in the definition of the term bus or commercial motor vehicle as defined in this section, nor shall a vanpool driver be deemed a chauffeur as that term is defined by section 303.020; nor shall use of a vanpool vehicle for ride-sharing arrangements, recreational, personal, or maintenance uses constitute an unlicensed use of the motor vehicle, unless used for monetary profit other than for use in a ride-sharing arrangement;

(73) “Vehicle”, any mechanical device on wheels, designed primarily for use, or used, on highways, except motorized bicycles, electric bicycles, vehicles propelled or drawn by horses or human power, or vehicles used exclusively on fixed rails or tracks, or cotton trailers or motorized wheelchairs operated by handicapped persons;

(74) “Wrecker” or “tow truck”, any emergency commercial vehicle equipped, designed and used to assist or render aid and transport or tow disabled or wrecked vehicles from a highway, road, street or highway rights-of-way to a point of storage or repair, including towing a replacement vehicle to replace a disabled or wrecked vehicle;

(75) “Wrecker or towing service”, the act of transporting, towing or recovering with a wrecker, tow truck, rollback or car carrier any vehicle not owned by the operator of the wrecker, tow truck, rollback or car carrier for which the operator directly or indirectly receives compensation or other personal gain.

301.033. 1. Notwithstanding the provisions of sections 301.030 and 301.035 to the contrary, the director of revenue shall establish a system of registration of all farm vehicles, as defined in section 302.700, owned or purchased by a farm vehicle fleet owner registered under this section. The director of revenue shall prescribe the forms for such farm vehicle fleet registration and the forms and procedures for the registration updates prescribed in this section. Any owner of more than one farm vehicle which is required to be registered under this chapter may, at his or her option, register a fleet of farm vehicles on an annual or biennial basis under this section in lieu of the registration periods provided in sections 301.030, 301.035, and 301.147. The director shall issue an identification number to each registered owner of a fleet of farm vehicles registered under this section.

2. All farm vehicles included in the fleet of a registered farm vehicle fleet owner shall be registered during April of the corresponding year or on a prorated basis as provided in subsection 3 of this section. Fees of all vehicles in the farm vehicle fleet to be registered on an annual or biennial basis shall be payable not later than the last day of April of the corresponding year, with two years' fees due for biennially-registered vehicles. Notwithstanding the provisions of section 307.355, a certificate of inspection and approval issued no more than one hundred twenty days prior to the date of application for registration shall be valid for registration of a farm fleet vehicle in accordance with this section. The fees for vehicles added to the farm vehicle fleet which are required to be licensed at the time of registration shall be payable at the time of registration, except that when such vehicle is licensed between July first and September thirtieth the fee shall be three-fourths the annual fee, when licensed between October first and December thirty-first the fee shall be one-half the annual fee, and when licensed on or after January first the fee shall be one-fourth the annual fee. If biennial registration is sought for vehicles added to a farm vehicle fleet, an additional year's annual fee shall be added to the partial year's prorated fee.

3. At any time during the calendar year in which an owner of a farm vehicle fleet purchases or otherwise acquires a farm vehicle which is to be added to the farm vehicle fleet or transfers plates to a fleet vehicle, the owner shall present to the director of revenue the identification number as a fleet number and may register the vehicle for the partial year as provided in subsection 2 of this section. The farm vehicle fleet owner shall also be charged a transfer fee of two dollars for each vehicle so transferred under this subsection.

4. Except as specifically provided in this subsection, all farm vehicles registered under this section shall be issued a special license plate which shall have the words “Farm Fleet Vehicle” and shall meet the requirements prescribed by section 301.130. Farm fleet vehicles shall be issued multiyear license plates as provided in this section which shall not require issuance of a renewal tab. Upon payment of appropriate registration fees, the director of revenue shall issue a registration certificate or other suitable evidence of payment of the annual or biennial fee, and such evidence of payment shall be carried at all times in the vehicle for which it is issued.

5. The director shall make all necessary rules and regulations for the administration of this section and shall design all necessary forms required by this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable, and if any of the powers vested with the general assembly under chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2024, shall be invalid and void.

301.560. 1. In addition to the application forms prescribed by the department, each applicant shall submit the following to the department:

(1) Every application other than **an application for a new motor vehicle franchise dealer where the applicant is a retailer that sells agricultural supplies and is under common ownership and control with at least five other new motor vehicle franchise dealers doing business under the same name**, or a renewal application for a **new** motor vehicle franchise dealer shall include a certification that the applicant has a bona fide established place of business. Such application shall include an annual certification that the applicant has a bona fide established place of business for the first three years and only for every other year thereafter. The certification shall be performed by a uniformed member of the Missouri state highway patrol or authorized or designated employee stationed in the troop area in which the applicant's place of business is located; except that in counties of the first classification, certification may be performed by an officer of a metropolitan police department when the applicant's established place of business of distributing or selling motor vehicles or trailers is in the metropolitan area where the certifying metropolitan police officer is employed. When the application is being made for licensure as a boat manufacturer or boat dealer, certification shall be performed by a uniformed member of the Missouri state highway patrol or authorized or designated employee stationed in the troop area in which the applicant's place of business is located or, if the applicant's place of business is located within the jurisdiction of a metropolitan police department in a first class county, by an officer of such metropolitan police department. A bona fide established place of business for any new motor vehicle franchise dealer, used motor vehicle dealer, boat dealer, powersport dealer, wholesale motor vehicle dealer, trailer dealer, or wholesale or public auction shall be a permanent enclosed building or structure, either owned in fee or leased and actually occupied as a place of business by the applicant for the selling, bartering, trading, servicing, or exchanging of motor vehicles, boats, personal watercraft, or trailers and wherein the public may contact the owner or operator at any reasonable time, and wherein shall be kept and maintained the books, records, files and other matters required and necessary to conduct the business. The applicant shall maintain a working telephone number during the entire registration year which will allow the public, the department, and law enforcement to contact the applicant during regular business hours. The applicant

shall also maintain an email address during the entire registration year which may be used for official correspondence with the department. In order to qualify as a bona fide established place of business for all applicants licensed pursuant to this section there shall be an exterior sign displayed carrying the name of the business set forth in letters at least six inches in height and clearly visible to the public and there shall be an area or lot which shall not be a public street on which multiple vehicles, boats, personal watercraft, or trailers may be displayed. The sign shall contain the name of the dealership by which it is known to the public through advertising or otherwise, which need not be identical to the name appearing on the dealership's license so long as such name is registered as a fictitious name with the secretary of state, has been approved by its line-make manufacturer in writing in the case of a new motor vehicle franchise dealer and a copy of such fictitious name registration has been provided to the department. Dealers who sell only emergency vehicles as defined in section 301.550 are exempt from maintaining a bona fide place of business, including the related law enforcement certification requirements, and from meeting the minimum yearly sales;

(2) The initial application for licensure shall include a photograph, not to exceed eight inches by ten inches but no less than five inches by seven inches, showing the business building, lot, and sign. A new motor vehicle franchise dealer applicant who has purchased a currently licensed new motor vehicle franchised dealership shall be allowed to submit a photograph of the existing dealership building, lot and sign but shall be required to submit a new photograph upon the installation of the new dealership sign as required by sections 301.550 to 301.580. Applicants shall not be required to submit a photograph annually unless the business has moved from its previously licensed location, or unless the name of the business or address has changed, or unless the class of business has changed;

(3) Every applicant as a new motor vehicle franchise dealer, a used motor vehicle dealer, a powersport dealer, a wholesale motor vehicle dealer, trailer dealer, or boat dealer shall furnish with the application a corporate surety bond or an irrevocable letter of credit as defined in section 400.5-102, issued by any state or federal financial institution in the penal sum of fifty thousand dollars on a form approved by the department. The bond or irrevocable letter of credit shall be conditioned upon the dealer complying with the provisions of the statutes applicable to new motor vehicle franchise dealers, used motor vehicle dealers, powersport dealers, wholesale motor vehicle dealers, trailer dealers, and boat dealers, and the bond shall be an indemnity for any loss sustained by reason of the acts of the person bonded when such acts constitute grounds for the suspension or revocation of the dealer's license. The bond shall be executed in the name of the state of Missouri for the benefit of all aggrieved parties or the irrevocable letter of credit shall name the state of Missouri as the beneficiary; except, that the aggregate liability of the surety or financial institution to the aggrieved parties shall, in no event, exceed the amount of the bond or irrevocable letter of credit. Additionally, every applicant as a new motor vehicle franchise dealer, a used motor vehicle dealer, a powersport dealer, a wholesale motor vehicle dealer, or boat dealer shall furnish with the application a copy of a current dealer garage policy bearing the policy number and name of the insurer and the insured. The proceeds of the bond or irrevocable letter of credit furnished by an applicant shall be paid upon receipt by the department of a final judgment from a Missouri court of competent jurisdiction against the principal and in favor of an aggrieved party. The proceeds of the bond or irrevocable letter of credit furnished by an applicant shall be paid at the order of the department and in the amount determined by the department to any buyer or interested lienholder up to the greater of the amount required for the release of the purchase money lien or the sales price paid by the buyer where a dealer has failed to fulfill the dealer's obligations under an agreement to assign and deliver title to the buyer within

thirty days under a contract entered into pursuant to subsection 5 of section 301.210. The department shall direct release of the bond or irrevocable letter of credit proceeds upon presentation of a written agreement entered into pursuant to subsection 5 of section 301.210, copies of the associated sales and finance documents, and the affidavit or affidavits of the buyer or lienholder stating that the certificate of title with assignment thereof has not been passed to the buyer within thirty days of the date of the contract entered into under subsection 5 of section 301.210, that the dealer has not fulfilled the agreement under the contract to repurchase the vehicle, that the buyer or the lienholder has notified the dealer of the claim on the bond or letter of credit, and the amount claimed by the purchaser or lienholder. In addition, prior to directing release and payment of the proceeds of a bond or irrevocable letter of credit, the department shall ensure that there is satisfactory evidence to establish that the vehicle which is subject to the written agreement has been returned by the buyer to the dealer or that the buyer has represented to the department that the buyer will surrender possession of the vehicle to the dealer upon payment of the proceeds of the bond or letter of credit directed by the department. Excepting ordinary wear and tear or mechanical failures not caused by the buyer, the amount of proceeds to be paid to the buyer under the bond or irrevocable letter of credit shall be reduced by an amount equivalent to any damage, abuse, or destruction incurred by the vehicle while the vehicle was in the buyer's possession as agreed between the buyer and the dealer. The dealer may apply to a court of competent jurisdiction to contest the claim on the bond or letter of credit, including the amount of the claim and the amount of any adjustment for any damage, abuse, or destruction, by filing a petition with the court within thirty days of the notification by the buyer or lienholder. If the dealer does not fulfill the agreement or file a petition to request judicial relief from the terms of the agreement or contest the amount of the claim, the bond or letter of credit shall be released by the department and directed paid in the amount or amounts presented by the lienholder or buyer;

(4) Payment of all necessary license fees as established by the department. In establishing the amount of the annual license fees, the department shall, as near as possible, produce sufficient total income to offset operational expenses of the department relating to the administration of sections 301.550 to 301.580. All fees payable pursuant to the provisions of sections 301.550 to 301.580, other than those fees collected for the issuance of dealer plates or certificates of number collected pursuant to subsection 6 of this section, shall be collected by the department for deposit in the state treasury to the credit of the "Motor Vehicle Commission Fund", which is hereby created. The motor vehicle commission fund shall be administered by the Missouri department of revenue. The provisions of section 33.080 to the contrary notwithstanding, money in such fund shall not be transferred and placed to the credit of the general revenue fund until the amount in the motor vehicle commission fund at the end of the biennium exceeds two times the amount of the appropriation from such fund for the preceding fiscal year or, if the department requires permit renewal less frequently than yearly, then three times the appropriation from such fund for the preceding fiscal year. The amount, if any, in the fund which shall lapse is that amount in the fund which exceeds the multiple of the appropriation from such fund for the preceding fiscal year.

2. In the event a new vehicle manufacturer, boat manufacturer, motor vehicle dealer, wholesale motor vehicle dealer, boat dealer, powersport dealer, wholesale motor vehicle auction, trailer dealer, or a public motor vehicle auction submits an application for a license for a new business and the applicant has complied with all the provisions of this section, the department shall make a decision to grant or deny the license to the applicant within eight working hours after receipt of the dealer's application, notwithstanding any rule of the department.

3. Except as otherwise provided in subsection 6 of this section, upon the initial issuance of a license by the department, the department shall assign a distinctive dealer license number or certificate of number to the applicant and the department shall issue one number plate or certificate bearing the distinctive dealer license number or certificate of number and two additional number plates or certificates of number within eight working hours after presentment of the application and payment by the applicant of a fee of fifty dollars for the first plate or certificate and ten dollars and fifty cents for each additional plate or certificate. Upon renewal, the department shall issue the distinctive dealer license number or certificate of number as quickly as possible. The issuance of such distinctive dealer license number or certificate of number shall be in lieu of registering each motor vehicle, trailer, vessel or vessel trailer dealt with by a boat dealer, boat manufacturer, manufacturer, public motor vehicle auction, wholesale motor vehicle dealer, wholesale motor vehicle auction or new or used motor vehicle dealer. The license plates described in this section shall be made with fully reflective material with a common color scheme and design, shall be clearly visible at night, and shall be aesthetically attractive, as prescribed by section 301.130.

4. Notwithstanding any other provision of the law to the contrary, the department shall assign the following distinctive dealer license numbers to:

New motor vehicle franchise dealers	D-0 through D-999
New powersport dealers	D-1000 through D-1999
Used motor vehicle and used powersport dealers	D-2000 through D-9999
Wholesale motor vehicle dealers	W-0 through W-1999
Wholesale motor vehicle auctions	WA-0 through WA-999
New and used trailer dealers	T-0 through T-9999
Motor vehicle, trailer, and boat manufacturers	DM-0 through DM-999
Public motor vehicle auctions	A-0 through A-1999
Boat dealers	M-0 through M-9999
New and used recreational motor vehicle dealers	RV-0 through RV-999

For purposes of this subsection, qualified transactions shall include the purchase of salvage titled vehicles by a licensed salvage dealer. A used motor vehicle dealer who also holds a salvage dealer's license shall be allowed one additional plate or certificate number per fifty-unit qualified transactions annually. In order for salvage dealers to obtain number plates or certificates under this section, dealers shall submit

to the department of revenue on August first of each year a statement certifying, under penalty of perjury, the dealer's number of purchases during the reporting period of July first of the immediately preceding year to June thirtieth of the present year. The provisions of this subsection shall become effective on the date the director of the department of revenue begins to reissue new license plates under section 301.130, or on December 1, 2008, whichever occurs first. If the director of revenue begins reissuing new license plates under the authority granted under section 301.130 prior to December 1, 2008, the director of the department of revenue shall notify the revisor of statutes of such fact.

5. Upon the sale of a currently licensed motor vehicle dealership the department shall, upon request, authorize the new approved dealer applicant to retain the selling dealer's license number and shall cause the new dealer's records to indicate such transfer. If the new approved dealer applicant elects not to retain the selling dealer's license number, the department shall issue the new dealer applicant a new dealer's license number and an equal number of plates or certificates as the department had issued to the selling dealer.

6. In the case of motor vehicle dealers, the department shall issue one number plate bearing the distinctive dealer license number and may issue one additional number plate to the applicant upon payment by the dealer of a fifty dollar fee for the number plate bearing the distinctive dealer license number and ten dollars and fifty cents for the additional number plate. The department may issue a third plate to the motor vehicle dealer upon completion of the dealer's fifteenth qualified transaction and payment of a fee of ten dollars and fifty cents. In the case of new motor vehicle manufacturers, powersport dealers, recreational motor vehicle dealers, and trailer dealers, the department shall issue one number plate bearing the distinctive dealer license number and may issue two additional number plates to the applicant upon payment by the manufacturer or dealer of a fifty dollar fee for the number plate bearing the distinctive dealer license number and ten dollars and fifty cents for each additional number plate. Boat dealers and boat manufacturers shall be entitled to one certificate of number bearing such number upon the payment of a fifty dollar fee. Additional number plates and as many additional certificates of number may be obtained upon payment of a fee of ten dollars and fifty cents for each additional plate or certificate. New motor vehicle manufacturers shall not be issued or possess more than three hundred forty-seven additional number plates or certificates of number annually. New and used motor vehicle dealers, powersport dealers, wholesale motor vehicle dealers, boat dealers, and trailer dealers are limited to one additional plate or certificate of number per ten-unit qualified transactions annually. New and used recreational motor vehicle dealers are limited to two additional plates or certificate of number per ten-unit qualified transactions annually for their first fifty transactions and one additional plate or certificate of number per ten-unit qualified transactions thereafter. An applicant seeking the issuance of an initial license shall indicate on his or her initial application the applicant's proposed annual number of sales in order for the director to issue the appropriate number of additional plates or certificates of number. A motor vehicle dealer, trailer dealer, boat dealer, powersport dealer, recreational motor vehicle dealer, motor vehicle manufacturer, boat manufacturer, or wholesale motor vehicle dealer obtaining a distinctive dealer license plate or certificate of number or additional license plate or additional certificate of number, throughout the calendar year, shall be required to pay a fee for such license plates or certificates of number computed on the basis of one-twelfth of the full fee prescribed for the original and duplicate number plates or certificates of number for such dealers' licenses, multiplied by the number of months remaining in the licensing period for which the dealer or manufacturers shall be required to be licensed. In the event of a renewing dealer, the fee due at the time of renewal shall not be prorated. Wholesale and public auctions shall be issued a certificate of

dealer registration in lieu of a dealer number plate. In order for dealers to obtain number plates or certificates under this section, dealers shall submit to the department of revenue on August first of each year a statement certifying, under penalty of perjury, the dealer's number of sales during the reporting period of July first of the immediately preceding year to June thirtieth of the present year.

7. The plates issued pursuant to subsection 3 or 6 of this section may be displayed on any motor vehicle owned by a new motor vehicle manufacturer. The plates issued pursuant to subsection 3 or 6 of this section may be displayed on any motor vehicle or trailer owned and held for resale by a motor vehicle dealer for use by a customer who is test driving the motor vehicle, for use by any customer while the customer's vehicle is being serviced or repaired by the motor vehicle dealer, for use and display purposes during, but not limited to, parades, private events, charitable events, or for use by an employee or officer, but shall not be displayed on any motor vehicle or trailer hired or loaned to others or upon any regularly used service or wrecker vehicle. Motor vehicle dealers may display their dealer plates on a tractor, truck or trailer to demonstrate a vehicle under a loaded condition. Trailer dealers may display their dealer license plates in like manner, except such plates may only be displayed on trailers owned and held for resale by the trailer dealer.

8. The certificates of number issued pursuant to subsection 3 or 6 of this section may be displayed on any vessel or vessel trailer owned and held for resale by a boat manufacturer or a boat dealer, and used by a customer who is test driving the vessel or vessel trailer, or is used by an employee or officer on a vessel or vessel trailer only, but shall not be displayed on any motor vehicle owned by a boat manufacturer, boat dealer, or trailer dealer, or vessel or vessel trailer hired or loaned to others or upon any regularly used service vessel or vessel trailer. Boat dealers and boat manufacturers may display their certificate of number on a vessel or vessel trailer when transporting a vessel or vessels to an exhibit or show.

9. If any law enforcement officer has probable cause to believe that any license plate or certificate of number issued under subsection 3 or 6 of this section is being misused in violation of subsection 7 or 8 of this section, the license plate or certificate of number may be seized and surrendered to the department.

10. (1) Every application for the issuance of a used motor vehicle dealer's license shall be accompanied by proof that the applicant, within the last twelve months, has completed an educational seminar course approved by the department as prescribed by subdivision (2) of this subsection. Wholesale and public auto auctions and applicants currently holding a new or used license for a separate dealership shall be exempt from the requirements of this subsection. The provisions of this subsection shall not apply to current new motor vehicle franchise dealers or motor vehicle leasing agencies or applicants for a new motor vehicle franchise or a motor vehicle leasing agency. The provisions of this subsection shall not apply to used motor vehicle dealers who were licensed prior to August 28, 2006.

(2) The educational seminar shall include, but is not limited to, the dealer requirements of sections 301.550 to 301.580, the rules promulgated to implement, enforce, and administer sections 301.550 to 301.580, and any other rules and regulations promulgated by the department.

307.010. 1. All motor vehicles, and every trailer and semitrailer operating upon the public highways of this state and carrying goods or material or farm products which may reasonably be expected to become dislodged and fall from the vehicle, trailer or semitrailer as a result of wind pressure or air pressure and/or by the movement of the vehicle, trailer or semitrailer shall have a protective cover or be sufficiently

secured so that no portion of such goods or material can become dislodged and fall from the vehicle, trailer or semitrailer while being transported or carried.

2. A cotton trailer, as defined in section 301.010, shall not be in violation of this section, provided it is traveling at speeds less than sixty-five miles per hour from field to field or from field to market and return, and no portion of such goods or material becomes dislodged and falls from the cotton trailer.

3. Operation of a motor vehicle, trailer or semitrailer in violation of this section shall be a class C misdemeanor, and any person convicted thereof shall be punished as provided by law.”; and

Further amend said bill, Pages 2-5, Section 644.016, Lines 1-114, by deleting all of said section and lines from the bill; and

Further amend said bill, Pages 5-6, Section 644.041, Lines 1-33, by deleting all of said section and lines from the bill; and

Further amend said bill, Pages 6-15, Section 644.051, Lines 1-310, by deleting all of said section and lines from the bill; and

Further amend said bill, Pages 15-18, Section 644.145, Lines 1-109, by deleting all of said section and lines from the bill; and

Further amend said bill, Page18, Section B, Lines 1-8, by deleting all of said section and lines from the bill; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

In which the concurrence of the Senate is respectfully requested.

Also,

Mr. President: I am instructed by the House of Representatives to inform the Senate that the House has taken up and passed **HCS for SB 736**, entitled:

An Act to repeal sections 30.753, 67.2800, 67.2810, 67.2815, 67.2817, 67.2830, 67.2840, 108.170, 143.121, 361.700, 361.705, 361.707, 361.711, 361.715, 361.718, 361.720, 361.723, 361.725, 361.727, 362.1010, 362.1015, 362.1030, 362.1035, 362.1040, 362.1055, 362.1060, 362.1085, 362.1090, 362.1095, 362.1100, 362.1105, 362.1110, 362.1115, 362.1116, 362.1117, 376.1345, 379.1640, 400.1-201, 400.4A-106, 400.7-102, 407.661, 407.738, 407.830, 407.1043, 408.010, 408.035, 408.140, 415.415, 432.275, and 442.210, RSMo, and to enact in lieu thereof eighty-nine new sections relating to financial transactions, with penalty provisions.

With House Amendment No. 1, House Amendment No. 2, House Amendment No. 1 to House Amendment No. 3, House Amendment No. 3, as amended, House Amendment No. 4 and House Amendment No. 5.

HOUSE AMENDMENT NO. 1

Amend House Committee Substitute for Senate Bill No. 736, In the Title, Line 9, by deleting “financial transactions” and inserting in lieu thereof “state and local government”; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 2

Amend House Committee Substitute for Senate Bill No. 736, Page 2, Section 30.266, Lines 1-21, by deleting said section and lines from the bill; and

Further amend said bill, Pages 2-3, Section 30.267, Lines 1-21, by deleting said section and lines from the bill; and

Further amend said bill, Pages 3-4, Section 34.700, Lines 1-10, by deleting said section and lines from the bill; and

Further amend said bill, Pages 4-5, Section 67.2800, Lines 1-64, by deleting said section and lines from the bill; and

Further amend said bill, Pages 6-7, Section 67.2810, Lines 1-65, by deleting said section and lines from the bill; and

Further amend said bill, Pages 7-9, Section 67.2815, Lines 1-67, by deleting said section and lines from the bill; and

Further amend said bill, Pages 9-11, Section 67.2817, Lines 1-86, by deleting said section and lines from the bill; and

Further amend said bill, Page 12, Section 67.2830, Lines 1-13, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 67.2840, Lines 1-9, by deleting said section and lines from the bill; and

Further amend said bill, Pages 12-17, Section 108.170, Lines 1-171, by deleting said section and lines from the bill; and

Further amend said bill, Pages 17-24, Section 143.121, Lines 1-261, by deleting said section and lines from the bill; and

Further amend said bill, Page 24, Section 361.900, Lines 1-2, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.903, Lines 1-11, by deleting said section and lines from the bill; and

Further amend said bill, Pages 24-28, Section 361.906, Lines 1-154, by deleting said section and lines from the bill; and

Further amend said bill, Pages 28-30, Section 361.909, Lines 1-66, by deleting said section and lines from the bill; and

Further amend said bill, Page 30, Section 361.912, Lines 1-3, by deleting said section and lines from the bill; and

Further amend said bill, Pages 30-31, Section 361.915, Lines 1-31, by deleting said section and lines from the bill; and

Further amend said bill, Pages 31-32, Section 361.918, Lines 1-12, by deleting said section and lines from the bill; and

Further amend said bill, Page 32, Section 361.921, Lines 1-28, by deleting said section and lines from the bill; and

Further amend said bill, Pages 32-33, Section 361.924, Lines 1-23, by deleting said section and lines from the bill; and

Further amend said bill, Page 33, Section 361.927, Lines 1-9, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.930, Lines 1-10, by deleting said section and lines from the bill; and

Further amend said bill, Page 34, Section 361.933, Lines 1-34, by deleting said section and lines from the bill; and

Further amend said bill, Pages 34-36, Section 361.936, Lines 1-73, by deleting said section and lines from the bill; and

Further amend said bill, Pages 36-38, Section 361.939, Lines 1-42, by deleting said section and lines from the bill; and

Further amend said bill, Pages 38-39, Section 361.942, Lines 1-53, by deleting said section and lines from the bill; and

Further amend said bill, Page 39, Section 361.945, Lines 1-12, by deleting said section and lines from the bill; and

Further amend said bill, Pages 39-40, Section 361.948, Lines 1-8, by deleting said section and lines from the bill; and

Further amend said bill, Pages 40-43, Section 361.951, Lines 1-120, by deleting said section and lines from the bill; and

Further amend said bill, Pages 43-44, Section 361.954, Lines 1-26, by deleting said section and lines from the bill; and

Further amend said bill, Page 44, Section 361.957, Lines 1-19, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.960, Lines 1-13, by deleting said section and lines from the bill; and

Further amend said bill, Pages 44-45, Section 361.963, Lines 1-18, by deleting said section and lines from the bill; and

Further amend said bill, Page 45, Section 361.966, Lines 1-19, by deleting said section and lines from the bill; and

Further amend said bill, Pages 45-46, Section 361.969, Lines 1-6, by deleting said section and lines from the bill; and

Further amend said bill, Page 46, Section 361.972, Lines 1-19, by deleting said section and lines from the bill; and

Further amend said bill, Pages 46-48, Section 361.975, Lines 1-56, by deleting said section and lines from the bill; and

Further amend said bill, Page 48, Section 361.978, Lines 1-5, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.981, Lines 1-17, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.984, Lines 1-9, by deleting said section and lines from the bill; and

Further amend said bill, Pages 48-49, Section 361.987, Lines 1-25, by deleting said section and lines from the bill; and

Further amend said bill, Pages 49-50, Section 361.990, Lines 1-29, by deleting said section and lines from the bill; and

Further amend said bill, Page 50, Section 361.996, Lines 1-8, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.999, Lines 1-11, by deleting said section and lines from the bill; and

Further amend said bill, Page 51, Section 361.1002, Lines 1-13, by deleting said section and lines from the bill; and

Further amend said bill, Pages 51-52, Section 361.1005, Lines 1-38, by deleting said section and lines from the bill; and

Further amend said bill, Pages 52-55, Section 361.1008, Lines 1-116, by deleting said section and lines from the bill; and

Further amend said bill, Pages 55-56, Section 361.1011, Lines 1-26, by deleting said section and lines from the bill; and

Further amend said bill, Page 56, Section 361.1014, Lines 1-23, by deleting said section and lines from the bill; and

Further amend said bill, Pages 56-57, Section 361.1017, Lines 1-18, by deleting said section and lines from the bill; and

Further amend said bill, Page 57, Section 361.1020, Lines 1-7, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.1023, Lines 1-12, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.1026, Lines 1-5, by deleting said section and lines from the bill; and

Further amend said bill, Page 58, Section 361.1029, Lines 1-15, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.1032, Lines 1-3, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.1035, Lines 1-10, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 362.1010, Lines 1-2, by deleting said section and lines from the bill; and

Further amend said bill, Pages 58-61, Section 362.1015, Lines 1-116, by deleting said section and lines from the bill; and

Further amend said bill, Pages 62-63, Section 362.1030, Lines 1-72, by deleting said section and lines from the bill; and

Further amend said bill, Pages 63-64, Section 362.1035, Lines 1-19, by deleting said section and lines from the bill; and

Further amend said bill, Page 64, Section 362.1040, Lines 1-19, by deleting said section and lines from the bill; and

Further amend said bill, Page 65, Section 362.1055, Lines 1-37, by deleting said section and lines from the bill; and

Further amend said bill, Page 66, Section 362.1060, Lines 1-30, by deleting said section and lines from the bill; and

Further amend said bill, Pages 66-67, Section 362.1085, Lines 1-32, by deleting said section and lines from the bill; and

Further amend said bill, Pages 67-69, Section 362.1090, Lines 1-51, by deleting said section and lines from the bill; and

Further amend said bill, Page 69, Section 362.1095, Lines 1-12, by deleting said section and lines from the bill; and

Further amend said bill, Pages 69-71, Section 362.1100, Lines 1-71, by deleting said section and lines from the bill; and

Further amend said bill, Pages 71-72, Section 362.1105, Lines 1-41, by deleting said section and lines from the bill; and

Further amend said bill, Pages 72-73, Section 362.1110, Lines 1-33, by deleting said section and lines from the bill; and

Further amend said bill, Pages 73-74, Section 362.1115, Lines 1-45, by deleting said section and lines from the bill; and

Further amend said bill, Page 74, Section 362.1116, Lines 1-3, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 362.1117, Lines 1-9, by deleting said section and lines from the bill; and

Further amend said bill, Pages 74-76, Section 376.1345, Lines 1-48, by deleting said section and lines from the bill; and

Further amend said bill, Pages 76-79, Section 379.1640, Lines 1-118, by deleting said section and lines from the bill; and

Further amend said bill, Pages 79-83, Section 400.1-201, Lines 1-153, by deleting said section and lines from the bill; and

Further amend said bill, Pages 83-84, Section 400.4A-106, Lines 1-17, by deleting said section and lines from the bill; and

Further amend said bill, Pages 84-85, Section 400.7-102, Lines 1-40, by deleting said section and lines from the bill; and

Further amend said bill, Page 85, Section 407.661, Lines 1-30, by deleting said section and lines from the bill; and

Further amend said bill, Pages 86-87, Section 407.738, Lines 1-57, by deleting said section and lines from the bill; and

Further amend said bill, Pages 87-88, Section 407.830, Lines 1-19, by deleting said section and lines from the bill; and

Further amend said bill, Page 88, Section 407.1043, Lines 1-21, by deleting said section and lines from the bill; and

Further amend said bill, Pages 88-89, Section 408.010, Lines 1-48, by deleting said section and lines from the bill; and

Further amend said bill, Page 90, Section 408.035, Lines 1-11, by deleting said section and lines from the bill; and

Further amend said bill, Pages 90-92, Section 408.140, Lines 1-73, by deleting said section and lines from the bill; and

Further amend said bill, Pages 92-93, Section 415.415, Lines 1-64, by deleting said section and lines from the bill; and

Further amend said bill, Pages 94-100, Section 427.300, Lines 1-229, by deleting said section and lines from the bill; and

Further amend said bill, Pages 100-101, Section 432.275, Lines 1-43, by deleting said section and lines from the bill; and

Further amend said bill, Pages 101-102, Section 442.210, Lines 1-38, by deleting said section and lines from the bill; and

Further amend said bill, Page 102, Section 361.700, Lines 1-11, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.705, Lines 1-10, by deleting said section and lines from the bill; and

Further amend said bill, Page 103, Section 361.707, Lines 1-12, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.711, Lines 1-32, by deleting said section and lines from the bill; and

Further amend said bill, Pages 103-104, Section 361.715, Lines 1-16, by deleting said section and lines from the bill; and

Further amend said bill, Page 104, Section 361.718, Lines 1-8, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.720, Lines 1-8, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.723, Lines 1-5, by deleting said section and lines from the bill; and

Further amend said bill and page, Section 361.725, Lines 1-8, by deleting said section and lines from the bill; and

Further amend said bill, Page 105, Section 361.727, Lines 1-3, by deleting said section and lines from the bill; and

Further amend said bill and page, Section B, Lines 1-3, by deleting said section and lines from the bill; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 1 TO
HOUSE AMENDMENT NO. 3

Amend House Amendment No. 3 to House Committee Substitute for Senate Bill No. 736, Page 21, Line 33, by inserting after all of said line the following:

“Further amend said bill, Page 24, Section 143.121, Line 261, by inserting after all of said section and line the following:

“301.560. 1. In addition to the application forms prescribed by the department, each applicant shall submit the following to the department:

(1) Every application other than **an application for a new motor vehicle franchise dealer where the applicant is a retailer that sells agricultural supplies and is under common ownership and control with at least five other new motor vehicle franchise dealers doing business under the same name, or** a renewal application for a **new** motor vehicle franchise dealer shall include a certification that the applicant has a bona fide established place of business. Such application shall include an annual certification that the applicant has a bona fide established place of business for the first three years and only for every other year thereafter. The certification shall be performed by a uniformed member of the Missouri state highway patrol or authorized or designated employee stationed in the troop area in which the applicant's place of business is located; except that in counties of the first classification, certification may be performed by an officer of a metropolitan police department when the applicant's established place of business of distributing or selling motor vehicles or trailers is in the metropolitan area where the certifying metropolitan police officer is employed. When the application is being made for licensure as a boat manufacturer or boat dealer, certification shall be performed by a uniformed member of the Missouri state highway patrol or authorized or designated employee stationed in the troop area in which the applicant's place of business is located or, if the applicant's place of business is located within the jurisdiction of a metropolitan police department in a first class county, by an officer of such metropolitan police department. A bona fide established place of business for any new motor vehicle franchise dealer, used motor vehicle dealer, boat dealer, powersport dealer, wholesale motor vehicle dealer, trailer dealer, or wholesale or public auction shall be a permanent enclosed building or structure, either owned in fee or leased and actually occupied as a place of business by the applicant for the selling, bartering, trading, servicing, or exchanging of motor vehicles, boats, personal watercraft, or trailers and wherein the public may contact the owner or operator at any reasonable time, and wherein shall be kept and maintained the books, records, files and other matters required and necessary to conduct the business. The applicant shall maintain a working telephone number during the entire registration year which will allow the public, the department, and law enforcement to contact the applicant during regular business hours. The applicant shall also maintain an email address during the entire registration year which may be used for official correspondence with the department. In order to qualify as a bona fide established place of business for all applicants licensed pursuant to this section there shall be an exterior sign displayed carrying the name of the business set forth in letters at least six inches in height and clearly visible to the public and there shall be an area or lot which shall not be a public street on which multiple vehicles, boats, personal watercraft, or trailers may be displayed. The sign shall contain the name of the dealership by which it is

known to the public through advertising or otherwise, which need not be identical to the name appearing on the dealership's license so long as such name is registered as a fictitious name with the secretary of state, has been approved by its line-make manufacturer in writing in the case of a new motor vehicle franchise dealer and a copy of such fictitious name registration has been provided to the department. Dealers who sell only emergency vehicles as defined in section 301.550 are exempt from maintaining a bona fide place of business, including the related law enforcement certification requirements, and from meeting the minimum yearly sales;

(2) The initial application for licensure shall include a photograph, not to exceed eight inches by ten inches but no less than five inches by seven inches, showing the business building, lot, and sign. A new motor vehicle franchise dealer applicant who has purchased a currently licensed new motor vehicle franchised dealership shall be allowed to submit a photograph of the existing dealership building, lot and sign but shall be required to submit a new photograph upon the installation of the new dealership sign as required by sections 301.550 to 301.580. Applicants shall not be required to submit a photograph annually unless the business has moved from its previously licensed location, or unless the name of the business or address has changed, or unless the class of business has changed;

(3) Every applicant as a new motor vehicle franchise dealer, a used motor vehicle dealer, a powersport dealer, a wholesale motor vehicle dealer, trailer dealer, or boat dealer shall furnish with the application a corporate surety bond or an irrevocable letter of credit as defined in section 400.5-102, issued by any state or federal financial institution in the penal sum of fifty thousand dollars on a form approved by the department. The bond or irrevocable letter of credit shall be conditioned upon the dealer complying with the provisions of the statutes applicable to new motor vehicle franchise dealers, used motor vehicle dealers, powersport dealers, wholesale motor vehicle dealers, trailer dealers, and boat dealers, and the bond shall be an indemnity for any loss sustained by reason of the acts of the person bonded when such acts constitute grounds for the suspension or revocation of the dealer's license. The bond shall be executed in the name of the state of Missouri for the benefit of all aggrieved parties or the irrevocable letter of credit shall name the state of Missouri as the beneficiary; except, that the aggregate liability of the surety or financial institution to the aggrieved parties shall, in no event, exceed the amount of the bond or irrevocable letter of credit. Additionally, every applicant as a new motor vehicle franchise dealer, a used motor vehicle dealer, a powersport dealer, a wholesale motor vehicle dealer, or boat dealer shall furnish with the application a copy of a current dealer garage policy bearing the policy number and name of the insurer and the insured. The proceeds of the bond or irrevocable letter of credit furnished by an applicant shall be paid upon receipt by the department of a final judgment from a Missouri court of competent jurisdiction against the principal and in favor of an aggrieved party. The proceeds of the bond or irrevocable letter of credit furnished by an applicant shall be paid at the order of the department and in the amount determined by the department to any buyer or interested lienholder up to the greater of the amount required for the release of the purchase money lien or the sales price paid by the buyer where a dealer has failed to fulfill the dealer's obligations under an agreement to assign and deliver title to the buyer within thirty days under a contract entered into pursuant to subsection 5 of section 301.210. The department shall direct release of the bond or irrevocable letter of credit proceeds upon presentation of a written agreement entered into pursuant to subsection 5 of section 301.210, copies of the associated sales and finance documents, and the affidavit or affidavits of the buyer or lienholder stating that the certificate of title with assignment thereof has not been passed to the buyer within thirty days of the date of the contract entered into under subsection 5 of section 301.210, that the dealer has not fulfilled the agreement under the

contract to repurchase the vehicle, that the buyer or the lienholder has notified the dealer of the claim on the bond or letter of credit, and the amount claimed by the purchaser or lienholder. In addition, prior to directing release and payment of the proceeds of a bond or irrevocable letter of credit, the department shall ensure that there is satisfactory evidence to establish that the vehicle which is subject to the written agreement has been returned by the buyer to the dealer or that the buyer has represented to the department that the buyer will surrender possession of the vehicle to the dealer upon payment of the proceeds of the bond or letter of credit directed by the department. Excepting ordinary wear and tear or mechanical failures not caused by the buyer, the amount of proceeds to be paid to the buyer under the bond or irrevocable letter of credit shall be reduced by an amount equivalent to any damage, abuse, or destruction incurred by the vehicle while the vehicle was in the buyer's possession as agreed between the buyer and the dealer. The dealer may apply to a court of competent jurisdiction to contest the claim on the bond or letter of credit, including the amount of the claim and the amount of any adjustment for any damage, abuse, or destruction, by filing a petition with the court within thirty days of the notification by the buyer or lienholder. If the dealer does not fulfill the agreement or file a petition to request judicial relief from the terms of the agreement or contest the amount of the claim, the bond or letter of credit shall be released by the department and directed paid in the amount or amounts presented by the lienholder or buyer;

(4) Payment of all necessary license fees as established by the department. In establishing the amount of the annual license fees, the department shall, as near as possible, produce sufficient total income to offset operational expenses of the department relating to the administration of sections 301.550 to 301.580. All fees payable pursuant to the provisions of sections 301.550 to 301.580, other than those fees collected for the issuance of dealer plates or certificates of number collected pursuant to subsection 6 of this section, shall be collected by the department for deposit in the state treasury to the credit of the "Motor Vehicle Commission Fund", which is hereby created. The motor vehicle commission fund shall be administered by the Missouri department of revenue. The provisions of section 33.080 to the contrary notwithstanding, money in such fund shall not be transferred and placed to the credit of the general revenue fund until the amount in the motor vehicle commission fund at the end of the biennium exceeds two times the amount of the appropriation from such fund for the preceding fiscal year or, if the department requires permit renewal less frequently than yearly, then three times the appropriation from such fund for the preceding fiscal year. The amount, if any, in the fund which shall lapse is that amount in the fund which exceeds the multiple of the appropriation from such fund for the preceding fiscal year.

2. In the event a new vehicle manufacturer, boat manufacturer, motor vehicle dealer, wholesale motor vehicle dealer, boat dealer, powersport dealer, wholesale motor vehicle auction, trailer dealer, or a public motor vehicle auction submits an application for a license for a new business and the applicant has complied with all the provisions of this section, the department shall make a decision to grant or deny the license to the applicant within eight working hours after receipt of the dealer's application, notwithstanding any rule of the department.

3. Except as otherwise provided in subsection 6 of this section, upon the initial issuance of a license by the department, the department shall assign a distinctive dealer license number or certificate of number to the applicant and the department shall issue one number plate or certificate bearing the distinctive dealer license number or certificate of number and two additional number plates or certificates of number within eight working hours after presentment of the application and payment by the applicant of a fee of fifty dollars for the first plate or certificate and ten dollars and fifty cents for each additional plate or certificate.

Upon renewal, the department shall issue the distinctive dealer license number or certificate of number as quickly as possible. The issuance of such distinctive dealer license number or certificate of number shall be in lieu of registering each motor vehicle, trailer, vessel or vessel trailer dealt with by a boat dealer, boat manufacturer, manufacturer, public motor vehicle auction, wholesale motor vehicle dealer, wholesale motor vehicle auction or new or used motor vehicle dealer. The license plates described in this section shall be made with fully reflective material with a common color scheme and design, shall be clearly visible at night, and shall be aesthetically attractive, as prescribed by section 301.130.

4. Notwithstanding any other provision of the law to the contrary, the department shall assign the following distinctive dealer license numbers to:

New motor vehicle franchise dealers D-0 through D-999

New powersport dealers D-1000 through D-1999

Used motor vehicle and used powersport dealers D-2000 through D-9999

Wholesale motor vehicle dealers W-0 through W-1999

Wholesale motor vehicle auctions WA-0 through WA-999

New and used trailer dealers T-0 through T-9999

Motor vehicle, trailer, and boat manufacturers DM-0 through DM-999

Public motor vehicle auctions A-0 through A-1999

Boat dealers M-0 through M-9999

New and used recreational motor vehicle dealers RV-0 through RV-999

For purposes of this subsection, qualified transactions shall include the purchase of salvage titled vehicles by a licensed salvage dealer. A used motor vehicle dealer who also holds a salvage dealer's license shall be allowed one additional plate or certificate number per fifty-unit qualified transactions annually. In order for salvage dealers to obtain number plates or certificates under this section, dealers shall submit to the department of revenue on August first of each year a statement certifying, under penalty of perjury, the dealer's number of purchases during the reporting period of July first of the immediately preceding year to June thirtieth of the present year. The provisions of this subsection shall become effective on the date the director of the department of revenue begins to reissue new license plates under section 301.130, or on December 1, 2008, whichever occurs first. If the director of revenue begins reissuing new license plates under the authority granted under section 301.130 prior to December 1, 2008, the director of the department of revenue shall notify the revisor of statutes of such fact.

5. Upon the sale of a currently licensed motor vehicle dealership the department shall, upon request, authorize the new approved dealer applicant to retain the selling dealer's license number and shall cause the new dealer's records to indicate such transfer. If the new approved dealer applicant elects not to retain the selling dealer's license number, the department shall issue the new dealer applicant a new dealer's license number and an equal number of plates or certificates as the department had issued to the selling dealer.

6. In the case of motor vehicle dealers, the department shall issue one number plate bearing the distinctive dealer license number and may issue one additional number plate to the applicant upon payment by the dealer of a fifty dollar fee for the number plate bearing the distinctive dealer license number and ten dollars and fifty cents for the additional number plate. The department may issue a third plate to the motor vehicle dealer upon completion of the dealer's fifteenth qualified transaction and payment of a fee of ten dollars and fifty cents. In the case of new motor vehicle manufacturers, powersport dealers, recreational motor vehicle dealers, and trailer dealers, the department shall issue one number plate bearing the distinctive dealer license number and may issue two additional number plates to the applicant upon payment by the manufacturer or dealer of a fifty dollar fee for the number plate bearing the distinctive dealer license number and ten dollars and fifty cents for each additional number plate. Boat dealers and boat manufacturers shall be entitled to one certificate of number bearing such number upon the payment of a fifty dollar fee. Additional number plates and as many additional certificates of number may be obtained upon payment of a fee of ten dollars and fifty cents for each additional plate or certificate. New motor vehicle manufacturers shall not be issued or possess more than three hundred forty-seven additional number plates or certificates of number annually. New and used motor vehicle dealers, powersport dealers, wholesale motor vehicle dealers, boat dealers, and trailer dealers are limited to one additional plate or certificate of number per ten-unit qualified transactions annually. New and used recreational motor vehicle dealers are limited to two additional plates or certificate of number per ten-unit qualified transactions annually for their first fifty transactions and one additional plate or certificate of number per ten-unit qualified transactions thereafter. An applicant seeking the issuance of an initial license shall indicate on his or her initial application the applicant's proposed annual number of sales in order for the director to issue the appropriate number of additional plates or certificates of number. A motor vehicle dealer, trailer dealer, boat dealer, powersport dealer, recreational motor vehicle dealer, motor vehicle manufacturer, boat manufacturer, or wholesale motor vehicle dealer obtaining a distinctive dealer license plate or certificate of number or additional license plate or additional certificate of number, throughout the calendar year, shall be required to pay a fee for such license plates or certificates of number computed on the basis of one-twelfth of the full fee prescribed for the original and duplicate number plates or certificates of number for such dealers' licenses, multiplied by the number of months remaining in the licensing period for which the dealer or manufacturers shall be required to be licensed. In the event of a renewing dealer, the fee due at the time of renewal shall not be prorated. Wholesale and public auctions shall be issued a certificate of dealer registration in lieu of a dealer number plate. In order for dealers to obtain number plates or certificates under this section, dealers shall submit to the department of revenue on August first of each year a statement certifying, under penalty of perjury, the dealer's number of sales during the reporting period of July first of the immediately preceding year to June thirtieth of the present year.

7. The plates issued pursuant to subsection 3 or 6 of this section may be displayed on any motor vehicle owned by a new motor vehicle manufacturer. The plates issued pursuant to subsection 3 or 6 of this section may be displayed on any motor vehicle or trailer owned and held for resale by a motor vehicle dealer for use by a customer who is test driving the motor vehicle, for use by any customer while the customer's vehicle is being serviced or repaired by the motor vehicle dealer, for use and display purposes during, but not limited to, parades, private events, charitable events, or for use by an employee or officer, but shall not be displayed on any motor vehicle or trailer hired or loaned to others or upon any regularly used service or wrecker vehicle. Motor vehicle dealers may display their dealer plates on a tractor, truck or trailer to demonstrate a vehicle under a loaded condition. Trailer dealers may display their dealer license

plates in like manner, except such plates may only be displayed on trailers owned and held for resale by the trailer dealer.

8. The certificates of number issued pursuant to subsection 3 or 6 of this section may be displayed on any vessel or vessel trailer owned and held for resale by a boat manufacturer or a boat dealer, and used by a customer who is test driving the vessel or vessel trailer, or is used by an employee or officer on a vessel or vessel trailer only, but shall not be displayed on any motor vehicle owned by a boat manufacturer, boat dealer, or trailer dealer, or vessel or vessel trailer hired or loaned to others or upon any regularly used service vessel or vessel trailer. Boat dealers and boat manufacturers may display their certificate of number on a vessel or vessel trailer when transporting a vessel or vessels to an exhibit or show.

9. If any law enforcement officer has probable cause to believe that any license plate or certificate of number issued under subsection 3 or 6 of this section is being misused in violation of subsection 7 or 8 of this section, the license plate or certificate of number may be seized and surrendered to the department.

10. (1) Every application for the issuance of a used motor vehicle dealer's license shall be accompanied by proof that the applicant, within the last twelve months, has completed an educational seminar course approved by the department as prescribed by subdivision (2) of this subsection. Wholesale and public auto auctions and applicants currently holding a new or used license for a separate dealership shall be exempt from the requirements of this subsection. The provisions of this subsection shall not apply to current new motor vehicle franchise dealers or motor vehicle leasing agencies or applicants for a new motor vehicle franchise or a motor vehicle leasing agency. The provisions of this subsection shall not apply to used motor vehicle dealers who were licensed prior to August 28, 2006.

(2) The educational seminar shall include, but is not limited to, the dealer requirements of sections 301.550 to 301.580, the rules promulgated to implement, enforce, and administer sections 301.550 to 301.580, and any other rules and regulations promulgated by the department.”; and”;

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 3

Amend House Committee Substitute for Senate Bill No. 736, Page 4, Section 34.700, Line 10, by inserting after all of said section and line the following:

“[50.327. 1. Notwithstanding any other provisions of law to the contrary, the salary schedules contained in sections 49.082, 50.334, 50.343, 51.281, 51.282, 52.269, 53.082, 53.083, 54.261, 54.320, 55.091, 56.265, 58.095, and 473.742 shall be set as a base schedule for those county officials. Except when it is necessary to increase newly elected or reelected county officials' salaries, in accordance with Section 13, Article VII, Constitution of Missouri, to comply with the requirements of this section, the salary commission in all counties except charter counties in this state shall be responsible for the computation of salaries of all county officials; provided, however, that any percentage salary adjustments in a county shall be equal for all such officials in that county.

2. Upon majority approval of the salary commission, the annual compensation of part-time prosecutors contained in section 56.265 and the county offices contained in sections 49.082, 50.334, 50.343, 51.281, 51.282, 52.269, 53.082, 53.083, 54.261, 54.320, 55.091, 58.095, and 473.742 may be increased by up to

two thousand dollars greater than the compensation provided by the salary schedules; provided, however, that any vote to increase compensation be effective for all county offices in that county subject to the salary commission.

3. Upon the majority approval of the salary commission, the annual compensation of a county coroner of any county not having a charter form of government as provided in section 58.095 may be increased up to fourteen thousand dollars greater than the compensation provided by the salary schedule of such section.

4. The salary commission of any county of the third classification may amend the base schedules for the computation of salaries for county officials referenced in subsection 1 of this section to include assessed valuation factors in excess of three hundred million dollars; provided that the percentage of any adjustments in assessed valuation factors shall be equal for all such officials in that county.]

50.327. 1. Notwithstanding any other provisions of law to the contrary, the salary schedules contained in sections 49.082, 50.334, 50.343, 51.281, 51.282, 52.269, 53.082, 53.083, 54.261, 54.320, 55.091, 56.265, 58.095, and 473.742 shall be set as a base schedule for those county officials. Except when it is necessary to increase newly elected or reelected county officials' salaries, in accordance with Section 13, Article VII, Constitution of Missouri, to comply with the requirements of this section, the salary commission in all counties except charter counties in this state shall be responsible for the computation of salaries of all county officials; provided, however, that any percentage salary adjustments in a county shall be equal for all such officials in that county.

2. Upon majority approval of the salary commission, the annual compensation of part-time prosecutors contained in section 56.265 and the county offices contained in sections 49.082, 50.334, 50.343, 51.281, 51.282, 52.269, 53.082, 53.083, 54.261, 54.320, 55.091, 58.095, and 473.742 may be increased by up to two thousand dollars greater than the compensation provided by the salary schedules; provided, however, that any vote to increase compensation be effective for all county offices in that county subject to the salary commission.

3. Upon the majority approval of the salary commission, the annual compensation of a county coroner of any county [of the second classification] **not having a charter form of government** as provided in section 58.095 may be increased up to fourteen thousand dollars greater than the compensation provided by the salary schedule of such section.

4. The salary commission of any county of the third classification may amend the base schedules for the computation of salaries for county officials referenced in subsection 1 of this section to include assessed valuation factors in excess of three hundred million dollars; provided that the percentage of any adjustments in assessed valuation factors shall be equal for all such officials in that county.

[50.815. 1. On or before June thirtieth of each year, the county commission of each county of the first, second, third, or fourth classification shall, with the assistance of the county clerk or other officer responsible for the preparation of the financial statement, prepare and publish in some newspaper of general circulation published in the county, as provided under section 493.050, a financial statement of the county for the year ending the preceding December thirty-first.

2. The financial statement shall show at least the following:

- (1) A summary of the receipts of each fund of the county for the year;
- (2) A summary of the disbursements and transfers of each fund of the county for the year;
- (3) A statement of the cash balance at the beginning and at the end of the year for each fund of the county;
- (4) A summary of delinquent taxes and other due bills for each fund of the county;
- (5) A summary of warrants of each fund of the county outstanding at the end of the year;
- (6) A statement of bonded indebtedness, if any, at the beginning and at the end of the year for each fund of the county;
- (7) A statement of the tax levies of each fund of the county for the year; and
- (8) The name, office, and current gross annual salary of each elected or appointed county official.

3. The financial statement need not show specific disbursements, warrants issued, or the names of specific payees except to comply with subdivision (8) of subsection 2 of this section, but every individual warrant, voucher, receipt, court order and all other items, records, documents and other information which are not specifically required to be retained by the officer having initial charge thereof shall be filed on or before the date of publication of the financial statement prescribed by subsection 1 of this section in the office of the county clerk. The county clerk or other officer responsible for the preparation of the financial statement shall preserve the same, shall provide an electronic copy of the data used to create the financial statement without charge to any newspaper requesting a copy of such data, and shall cause the same to be available for inspection during normal business hours on the request of any person, for a period of five years following the date of filing in his or her office, after which five-year period these records may be disposed of according to law unless they are the subject of a legal suit pending at the expiration of that period.

4. At the end of the financial statement, each commissioner of the county commission and the county clerk shall sign and append the following certificate:

We, _____?, _____?, and _____?, duly elected commissioners of the county commission of _____? County, Missouri, and I, _____? _____?, county clerk of that county, certify that the above and foregoing is a complete and correct statement of every item of information required in section 50.815 for the year ending December 31, 20_____, and we have checked every receipt from every source and every disbursement of every kind and to whom and for what each disbursement was made, and each receipt and disbursement is accurately included in the above and foregoing totals. (If for any reason complete and accurate information is not given the following shall be added to the certificate.) Exceptions: the above report is incomplete because proper information was not available in the

following records _____? which are in the keeping of the following officer or officers _____?.

Date _____?

_____?

_____?

_____?

Commissioners, County Commission

_____?

County Clerk

5. Any person falsely certifying to any fact covered by the certificate is liable on his or her bond and is guilty of a misdemeanor and, on conviction thereof, shall be punished by a fine of not less than two hundred dollars or more than one thousand dollars, or by confinement in the county jail for a period of not less than thirty days nor more than six months, or by both such fine and confinement. Any person charged with preparing the financial report who willfully or knowingly makes a false report of any record is, in addition to the penalties otherwise provided for in this section, guilty of a felony, and upon conviction thereof shall be sentenced to imprisonment by the department of corrections for a term of not less than two years nor more than five years.]

50.815. 1. On or before [the first Monday in March] **June thirtieth** of each year, the county commission of each county of the first [class not having a charter form of government], **second, third, or fourth classification** shall, with the assistance of the county clerk **or other officer responsible for the preparation of the financial statement**, prepare and publish in some newspaper of general circulation published in the county, **as provided under section 493.050**, a financial statement of the county for the year ending the preceding December thirty-first.

2. The financial statement shall show at least the following:

(1) A summary of the receipts of each fund of the county for the year;

(2) A summary of the disbursements and transfers of each fund of the county for the year;

(3) A statement of the cash balance at the beginning and at the end of the year for each fund of the county;

(4) A summary of delinquent taxes and other due bills for each fund of the county;

(5) A summary of warrants of each fund of the county outstanding at the end of the year;

(6) A statement of bonded indebtedness, if any, at the beginning and at the end of the year for each fund of the county; [and]

(7) A statement of the tax levies of each fund of the county for the year; **and**

(8) The name, office, and current gross annual salary of each elected or appointed county official.

3. The financial statement need not show specific disbursements, warrants issued, or the names of specific payees **except to comply with subdivision (8) of subsection 2 of this section**, but every individual warrant, voucher, receipt, court order and all other items, records, documents and other information which are not specifically required to be retained by the officer having initial charge thereof [and which would be required to be included in or to construct a financial statement in the form prescribed for other counties by section 50.800] shall be filed on or before the date of publication of the financial statement prescribed by subsection 1 **of this section** in the office of the county clerk[, and]. The county clerk **or other officer responsible for the preparation of the financial statement** shall preserve the same, **shall provide an electronic copy of the data used to create the financial statement without charge to any newspaper requesting a copy of such data**, and shall cause the same to be available for inspection during normal business hours on the request of any person, for a period of five years following the date of filing in his **or her** office, after which five-year period these records may be disposed of according to law unless they are the subject of a legal suit pending at the expiration of that period.

4. At the end of the financial statement, each commissioner of the county commission and the county clerk shall sign and append the following certificate:

We, _____, _____, and _____, duly elected commissioners of the county commission of _____ County, Missouri, and I, _____, county clerk of that county, certify that the above and foregoing is a complete and correct statement of every item of information required in section 50.815 for the year ending December 31, [19] **20**_____, and we have checked every receipt from every source and every disbursement of every kind and to whom and for what each disbursement was made, and each receipt and disbursement is accurately included in the above and foregoing totals. (If for any reason complete and accurate information is not given the following shall be added to the certificate.) Exceptions: the above report is incomplete because proper information was not available in the following records _____ which are in the keeping of the following officer or officers _____.

Date _____

Commissioners, County Commission

County Clerk

5. Any person falsely certifying to any fact covered by the certificate is liable on his **or her** bond and is guilty of a misdemeanor and, on conviction thereof, shall be punished by a fine of not less than two hundred dollars or more than one thousand dollars, or by confinement in the county jail for a period of not less than thirty days nor more than six months, or by both such fine and confinement. Any person charged with preparing the financial report who willfully or knowingly makes a false report of any record is, in addition to the penalties otherwise provided for in this section, guilty of a felony, and upon conviction thereof shall be sentenced to imprisonment by the division of corrections for a term of not less than two years nor more than five years.

[6. The provisions of sections 50.800 and 50.810 do not apply to counties of the first class not having a charter form of government, except as provided in subsection 3 of this section.]

[50.820. 1. The statement required by section 50.815 shall be set in the standard column width measure which will take the least space and the publisher shall file two proofs of publication with the county commission and the commission shall forward one proof to the state auditor and shall file the other in the office of the commission. As required under section 493.025, a newspaper publishing the statement shall charge and receive no more than its regular local classified advertising rate, which shall be the rate on the newspaper's rate schedule that was offered to the public thirty days before the publication of the statement. The county commission shall pay the publisher upon the filing of proof of publication with the commission. After verification, the state auditor shall notify the commission that proof of publication has been received and that it complies with the requirements of this section.

2. The statement shall be spread on the record of the commission and for this purpose the publisher shall be required to furnish the commission with at least two copies of the statement which may be placed in the record.

3. The state auditor shall notify the county treasurer immediately of the receipt of the proof of publication of the statement. After the first day of July of each year the county treasurer shall not pay or enter for protest any warrant for the pay of any of the county commission until notice is received from the state auditor that the required proof of publication has been filed.

4. The state auditor shall prepare sample forms for financial statements required by section 50.815 and shall provide the same to the county clerk of each county of the first, second, third, or fourth classification in this state, but failure of the auditor to supply such forms shall not in any way excuse any person from the performance of any duty imposed by this section or by section 50.815. If any county officer fails,

neglects, or refuses to comply with the provisions of this section or section 50.815, the county officer shall, in addition to other penalties provided by law, be liable on his or her official bond for dereliction of duty.]

50.820. 1. The statement required by section 50.815 shall be set in the standard column width measure which will take the least space and the publisher shall file two proofs of publication with the county commission and the commission shall forward one proof to the state auditor and shall file the other in the office of the commission. **As required under section 493.025, a newspaper publishing the statement shall charge and receive no more than its regular local classified advertising rate, which shall be the rate on the newspaper's rate schedule that was offered to the public thirty days before the publication of the statement.** The county commission shall [not] pay the publisher [until] **upon the filing of proof of publication [is filed] with the commission [and]. After verification,** the state auditor [notifies] **shall notify** the commission that proof of publication has been received and that it complies with the requirements of this section.

2. The statement shall be spread on the record of the commission and for this purpose the publisher shall be required to furnish the commission with at least two copies of the statement which may be [pasted on] **placed in** the record.

3. The state auditor shall notify the county treasurer immediately of the receipt of the proof of publication of the statement. After the first day of [April] **July** of each year the county treasurer shall not pay or enter for protest any warrant for the pay of any of the county commission until notice is received from the state auditor that the required proof of publication has been filed. [Any county treasurer paying or entering for protest any warrant for any commissioner of the county commission prior to the receipt of such notice from the state auditor shall be liable therefor on his official bond.]

4. The state auditor shall prepare sample forms for financial statements required by section 50.815 and shall [mail] **provide** the same to the county clerk of each county of the first [class not having a charter form of government], **second, third, or fourth classification** in this state, but failure of the auditor to supply such forms shall not in any way excuse any person from the performance of any duty imposed by this section or by section 50.815. If any county officer fails, neglects, or refuses to comply with the provisions of this section or section 50.815 [he], **the county officer** shall, in addition to other penalties provided by law, be liable on his **or her** official bond for dereliction of duty.

[55.160. The auditor of each county of the first classification not having a charter form of government and of each county of the second classification shall keep an inventory of all county property under the control and management of the various officers and departments and shall annually take an inventory of such property at an original value of one thousand dollars or more showing the amount, location and estimated value thereof. The auditor shall keep accounts of all appropriations and expenditures made by the county commission, and no warrant shall be drawn or obligation incurred without the auditor's certification that an unencumbered balance, sufficient to pay the same, remain in the appropriate account or in the anticipated revenue fund against which such warrant or obligation is to be charged. The auditor shall audit the accounts of all officers of the county annually or upon their retirement from office. The auditor shall audit, examine and adjust all accounts, demands, and claims of every kind and character presented for payment against the county, and shall in the auditor's discretion approve to the county commission of the county all lawful, true, just and legal accounts, demands and claims of every kind and

character payable out of the county revenue or out of any county funds before the same shall be allowed and a warrant issued therefor by the commission. Whenever the auditor thinks it necessary to the proper examination of any account, demand or claim, the auditor may examine the parties, witnesses, and others on oath or affirmation touching any matter or circumstance in the examination of such account, demand or claim before the auditor allows same. The auditor shall not be personally liable for any cost for any proceeding instituted against the auditor in the auditor's official capacity. The auditor shall keep a correct account between the county and all county and township officers, and shall examine all records and settlements made by them for and with the county commission or with each other, and the auditor shall, whenever the auditor desires, have access to all books, county records or papers kept by any county or township officer or road overseer. The auditor shall, during the first four days of each month, strike a balance in the case of each county and township officer, showing the amount of money collected by each, the amount of money due from each to the county, and the amount of money due from any source whatever to such office, and the auditor shall include in such balance any fees that have been returned to the county commission or to the auditor as unpaid and which since having been returned have been collected. Upon request, the auditor shall have access to and the ability to audit and examine claims of every kind and character for which a county officer has a fiduciary duty.]

55.160. The auditor of each county of the first classification not having a charter form of government and of each county of the second classification shall keep an inventory of all county property under the control and management of the various officers and departments and shall annually take an inventory of such property at an original value of one thousand dollars or more showing the amount, location and estimated value thereof. The auditor shall keep accounts of all appropriations and expenditures made by the county commission, and no warrant shall be drawn or obligation incurred without the auditor's certification that an unencumbered balance, sufficient to pay the same, remain in the appropriate account or in the anticipated revenue fund against which such warrant or obligation is to be charged. The auditor shall audit the accounts of all officers of the county annually or upon their retirement from office. The auditor shall audit, examine and adjust all accounts, demands, and claims of every kind and character presented for payment against the county, and shall in the auditor's discretion approve to the county commission of the county all lawful, true, just and legal accounts, demands and claims of every kind and character payable out of the county revenue or out of any county funds before the same shall be allowed and a warrant issued therefor by the commission. Whenever the auditor thinks it necessary to the proper examination of any account, demand or claim, the auditor may examine the parties, witnesses, and others on oath or affirmation touching any matter or circumstance in the examination of such account, demand or claim before the auditor allows same. The auditor shall not be personally liable for any cost for any proceeding instituted against the auditor in the auditor's official capacity. The auditor shall keep a correct account between the county and all county and township officers, and shall examine all records and settlements made by them for and with the county commission or with each other, and the auditor shall, whenever the auditor desires, have access to all books, county records or papers kept by any county or township officer or road overseer. The auditor shall, during the first four days of each month, strike a balance in the case of each county and township officer, showing the amount of money collected by each, the amount of money due from each to the county, and the amount of money due from any source whatever to such office, and the auditor shall include in such balance any fees that have been returned to the county commission or to the auditor as unpaid and which since having been returned have been collected. **Upon**

request, the auditor shall have access to and the ability to audit and examine claims of every kind and character for which a county officer has a fiduciary duty.

[57.317. 1. (1) Except in a noncharter county of the first classification with more than one hundred fifty thousand and less than two hundred thousand inhabitants, the county sheriff in any county of the first or second classification shall receive an annual salary equal to eighty percent of the compensation of an associate circuit judge of the county.

(2) The county sheriff in any county of the third or fourth classification shall receive an annual salary computed as the following percentages of the compensation of an associate circuit judge of the county. If there is an increase in salary of less than ten thousand dollars, the increase shall take effect on January 1, 2022. If there is an increase of ten thousand dollars or more, the increase shall be paid over a period of five years in twenty percent increments per year. The assessed valuation factor shall be the amount thereof as shown for the year next preceding the computation. The provisions of this section shall not permit or require a reduction in the amount of compensation being paid for the office of sheriff from the prior year.

Assessed Valuation	Percentage
\$18,000,000 o 99,999,999	45%
100,000,000 o 249,999,999	50%
250,000,000 o 449,999,999	55%
450,000,000 o 899,999,999	60%
900,000,000 and over	65%

2. Two thousand dollars of the salary authorized in this section shall be payable to the sheriff only if the sheriff has completed at least twenty hours of classroom instruction each calendar year relating to the operations of the sheriff's office when approved by a professional association of the county sheriffs of Missouri unless exempted from the training by the professional association. The professional association approving the program shall provide a certificate of completion to each sheriff who completes the training program and shall send a list of certified sheriffs to the treasurer of each county. Expenses incurred for attending the training session may be reimbursed to the county sheriff in the same manner as other expenses as may be appropriated for that purpose.

3. The county sheriff in any county other than a charter county shall not receive an annual compensation less than the compensation described under this section.]

57.317. 1. (1) **Except in a noncharter county of the first classification with more than one hundred fifty thousand and less than two hundred thousand inhabitants**, the county sheriff in any county of the first or second classification shall receive an annual salary equal to eighty percent of the compensation of an associate circuit judge of the county.

(2) The county sheriff in any county of the third or fourth classification shall receive an annual salary computed as the following percentages of the compensation of an associate circuit judge of the county. If there is an increase in salary of less than ten thousand dollars, the increase shall take effect on January 1, 2022. If there is an increase of ten thousand dollars or more, the increase shall be paid over a period of five years in twenty percent increments per year. The assessed valuation factor shall be the amount thereof as shown for the year next preceding the computation. The provisions of this section shall not permit or require a reduction in the amount of compensation being paid for the office of sheriff from the prior year.

Assessed Valuation	Percentage
\$18,000,000 o 99,999,999	45%
100,000,000 o 249,999,999	50%
250,000,000 o 449,999,999	55%
450,000,000 o 899,999,999	60%
900,000,000 and over	65%

2. Two thousand dollars of the salary authorized in this section shall be payable to the sheriff only if the sheriff has completed at least twenty hours of classroom instruction each calendar year relating to the operations of the sheriff's office when approved by a professional association of the county sheriffs of Missouri unless exempted from the training by the professional association. The professional association approving the program shall provide a certificate of completion to each sheriff who completes the training program and shall send a list of certified sheriffs to the treasurer of each county. Expenses incurred for attending the training session may be reimbursed to the county sheriff in the same manner as other expenses as may be appropriated for that purpose.

3. The county sheriff in any county other than a charter county shall not receive an annual compensation less than the compensation described under this section.

[58.095. 1. The county coroner in any county not having a charter form of government shall receive an annual salary computed on a basis as set forth in the following schedule as well as any adjustment

authorized under subsection 3 of section 50.327. The provisions of this section shall not permit or require a reduction in the amount of compensation being paid for the office of coroner on January 1, 1997:

Assessed Valuation		Salary
\$18,000,000	o 40,999,999	\$8,000
41,000,000	o 53,999,999	8,500
54,000,000	o 65,999,999	9,000
66,000,000	o 85,999,999	9,500
86,000,000	o 99,999,999	10,000
100,000,000	o 130,999,999	11,000
131,000,000	o 159,999,999	12,000
160,000,000	o 189,999,999	13,000
190,000,000	o 249,999,999	14,000
250,000,000	o 299,999,999	15,000
300,000,000	r more	16,000

2. One thousand dollars of the salary authorized in this section shall be payable to the coroner only if the coroner has completed at least twenty hours of classroom instruction each calendar year as established by the Coroner Standards and Training Commission unless exempted from the training by the Missouri Coroners' and Medical Examiners' Association for good cause. The Missouri Coroners' and Medical

Examiners' Association shall provide a certificate of completion to each coroner who completes the training program and shall send a list of certified coroners to the treasurer of each county and the department of health and senior services. The Coroner Standards and Training Commission may certify training programs that satisfy the requirements of this section in lieu of the training provided by the Missouri Coroners' and Medical Examiners' Association. Certified training completion shall be submitted to the Missouri Coroners' and Medical Examiners' Association which, upon validating the certified training, shall submit the individual's name to the county treasurer and department of health and senior services indicating the individual is compliant with the training requirements. Expenses incurred for attending the training session may be reimbursed to the county coroner in the same manner as other expenses as may be appropriated for that purpose. All elected or appointed coroners, deputy coroners, and assistants to the coroner shall complete the annual training described in this subsection within six months of election or appointment.

3. The county coroner in any county not having a charter form of government shall not, except upon two-thirds vote of all the members of the salary commission, receive an annual compensation in an amount less than the total compensation being received for the office of county coroner in the particular county for services rendered or performed on the date the salary commission votes.

4. For the term beginning in 1997, the compensation of the coroner, in counties in which the salary commission has not voted to pay one hundred percent of the maximum allowable salary, shall be a percentage of the maximum allowable salary established by this section. The percentage applied shall be the same percentage of the maximum allowable salary received or allowed, whichever is greater, to the presiding commissioner or sheriff, whichever is greater, of that county for the year beginning January 1, 1997. In those counties in which the salary commission has voted to pay one hundred percent of the maximum allowable salary, the compensation of the coroner shall be based on the maximum allowable salary in effect at each time a coroner's term of office commences following the vote to pay one hundred percent of the maximum allowable compensation. Subsequent compensation shall be determined as provided in section 50.333.

5. Effective January 1, 1997, the county coroner in any county not having a charter form of government may, upon the approval of the county commission, receive additional compensation for any month during which investigations or other services are performed for three or more decedents in the same incident during such month. The additional compensation shall be an amount that when added to the regular compensation the sum shall equal the monthly compensation of the county sheriff.]

58.095. 1. The county coroner in any county not having a charter form of government shall receive an annual salary computed on a basis as set forth in the following schedule **as well as any adjustment authorized under subsection 3 of section 50.327**. The provisions of this section shall not permit or require a reduction in the amount of compensation being paid for the office of coroner on January 1, 1997:

Assessed Valuation	Salary
\$18,000,000 o 40,999,999	\$8,000

41,000,000	o	53,999,999	8,500
54,000,000	o	65,999,999	9,000
66,000,000	o	85,999,999	9,500
86,000,000	o	99,999,999	10,000
100,000,000	o	130,999,999	11,000
131,000,000	o	159,999,999	12,000
160,000,000	o	189,999,999	13,000
190,000,000	o	249,999,999	14,000
250,000,000	o	299,999,999	15,000
300,000,000	r	more	16,000

2. One thousand dollars of the salary authorized in this section shall be payable to the coroner only if the coroner has completed at least twenty hours of classroom instruction each calendar year as established by the coroner standards and training commission unless exempted from the training by the Missouri Coroners' and Medical Examiners' Association for good cause. The Missouri Coroners' and Medical Examiners' Association shall provide a certificate of completion to each coroner who completes the training program and shall send a list of certified coroners to the treasurer of each county and the department of health and senior services. The coroner standards and training commission may certify training programs that satisfy the requirements of this section in lieu of the training provided by the Missouri Coroners' and Medical Examiners' Association. Certified training completion shall be submitted to the Missouri Coroners' and Medical Examiners' Association which, upon validating the certified training, shall submit the individual's name to the county treasurer and department of health and senior

services indicating the individual is compliant with the training requirements. Expenses incurred for attending the training session may be reimbursed to the county coroner in the same manner as other expenses as may be appropriated for that purpose. All elected or appointed coroners, deputy coroners, and assistants to the coroner shall complete the annual training described in this subsection within six months of election or appointment.

3. The county coroner in any county not having a charter form of government shall not, except upon two-thirds vote of all the members of the salary commission, receive an annual compensation in an amount less than the total compensation being received for the office of county coroner in the particular county for services rendered or performed on the date the salary commission votes.

4. For the term beginning in 1997, the compensation of the coroner, in counties in which the salary commission has not voted to pay one hundred percent of the maximum allowable salary, shall be a percentage of the maximum allowable salary established by this section. The percentage applied shall be the same percentage of the maximum allowable salary received or allowed, whichever is greater, to the presiding commissioner or sheriff, whichever is greater, of that county for the year beginning January 1, 1997. In those counties in which the salary commission has voted to pay one hundred percent of the maximum allowable salary, the compensation of the coroner shall be based on the maximum allowable salary in effect at each time a coroner's term of office commences following the vote to pay one hundred percent of the maximum allowable compensation. Subsequent compensation shall be determined as provided in section 50.333.

5. Effective January 1, 1997, the county coroner in any county not having a charter form of government may, upon the approval of the county commission, receive additional compensation for any month during which investigations or other services are performed for three or more decedents in the same incident during such month. The additional compensation shall be an amount that when added to the regular compensation the sum shall equal the monthly compensation of the county sheriff.

[58.200. When the office of sheriff shall be vacant, by death or otherwise, the coroner of the county is authorized to perform all the duties which are by law required to be performed by the sheriff, until another sheriff for such county shall be appointed and qualified and such coroner shall have notice thereof. In such case, said coroner may appoint one or more deputies, with the approbation of the judge of the circuit court, and every such appointment, with the oath of office endorsed thereon, shall be filed in the office of the clerk of the circuit court of the county. If the coroner becomes the acting sheriff and the sheriff is no longer receiving the sheriff's salary, the coroner may be paid, in addition to the coroner's salary, the difference between the salaries of sheriff and coroner so that the coroner receives the equivalent of the sheriff's salary while serving as acting sheriff.]

58.200. When the office of sheriff shall be vacant, by death or otherwise, the coroner of the county is authorized to perform all the duties which are by law required to be performed by the sheriff, until another sheriff for such county shall be appointed and qualified[,] and such coroner shall have notice thereof[, and]. In such case, said coroner may appoint one or more deputies, with the approbation of the judge of the circuit court; and every such appointment, with the oath of office endorsed thereon, shall be filed in the office of the clerk of the circuit court of the county. **If the coroner becomes the acting sheriff and the sheriff is no longer receiving the sheriff's salary, the coroner may be paid, in addition to the**

coroner's salary, the difference between the salaries of sheriff and coroner so that the coroner receives the equivalent of the sheriff's salary while serving as acting sheriff.”; and

Further amend said bill, Page 12, Section 67.2840, Line 9, by inserting after all of said section and line the following:

“[105.145. 1. The following definitions shall be applied to the terms used in this section:

(1) “Governing body”, the board, body, or persons in which the powers of a political subdivision as a body corporate, or otherwise, are vested;

(2) “Political subdivision”, any agency or unit of this state, except counties and school districts, which now is, or hereafter shall be, authorized to levy taxes or empowered to cause taxes to be levied.

2. The governing body of each political subdivision in the state shall cause to be prepared an annual report of the financial transactions of the political subdivision in such summary form as the state auditor shall prescribe by rule, except that the annual report of political subdivisions whose cash receipts for the reporting period are ten thousand dollars or less shall only be required to contain the cash balance at the beginning of the reporting period, a summary of cash receipts, a summary of cash disbursements and the cash balance at the end of the reporting period.

3. Within such time following the end of the fiscal year as the state auditor shall prescribe by rule, the governing body of each political subdivision shall cause a copy of the annual financial report to be remitted to the state auditor.

4. The state auditor shall immediately on receipt of each financial report acknowledge the receipt of the report.

5. In any fiscal year no member of the governing body of any political subdivision of the state shall receive any compensation or payment of expenses after the end of the time within which the financial statement of the political subdivision is required to be filed with the state auditor and until such time as the notice from the state auditor of the filing of the annual financial report for the fiscal year has been received.

6. The state auditor shall prepare sample forms for financial reports and shall mail the same to the political subdivisions of the state. Failure of the auditor to supply such forms shall not in any way excuse any person from the performance of any duty imposed by this section.

7. All reports or financial statements hereinabove mentioned shall be considered to be public records.

8. The provisions of this section apply to the board of directors of every transportation development district organized under sections 238.200 to 238.275.

9. Any political subdivision that fails to timely submit a copy of the annual financial statement to the state auditor shall be subject to a fine of five hundred dollars per day.

10. The state auditor shall report any violation of subsection 9 of this section to the department of revenue. Upon notification from the state auditor's office that a political subdivision failed to timely submit a copy of the annual financial statement, the department of revenue shall notify such political subdivision by certified mail that the statement has not been received. Such notice shall clearly set forth the following:

(1) The name of the political subdivision;

(2) That the political subdivision shall be subject to a fine of five hundred dollars per day if the political subdivision does not submit a copy of the annual financial statement to the state auditor's office within thirty days from the postmarked date stamped on the certified mail envelope;

(3) That the fine will be enforced and collected as provided under subsection 11 of this section; and

(4) That the fine will begin accruing on the thirty-first day from the postmarked date stamped on the certified mail envelope and will continue to accrue until the state auditor's office receives a copy of the financial statement.

In the event a copy of the annual financial statement is received within such thirty-day period, no fine shall accrue or be imposed. The state auditor shall report receipt of the financial statement to the department of revenue within ten business days. Failure of the political subdivision to submit the required annual financial statement within such thirty-day period shall cause the fine to be collected as provided under subsection 11 of this section.

11. The department of revenue may collect the fine authorized under the provisions of subsection 9 of this section by offsetting any sales or use tax distributions due to the political subdivision. The director of revenue shall retain two percent for the cost of such collection. The remaining revenues collected from such violations shall be distributed annually to the schools of the county in the same manner that proceeds for all penalties, forfeitures, and fines collected for any breach of the penal laws of the state are distributed.

12. Any political subdivision that has gross revenues of less than five thousand dollars or that has not levied or collected taxes in the fiscal year for which the annual financial statement was not timely filed shall not be subject to the fine authorized in this section.

13. If a failure to timely submit the annual financial statement is the result of fraud or other illegal conduct by an employee or officer of the political subdivision, the political subdivision shall not be subject to a fine authorized under this section if the statement is filed within thirty days of the discovery of the fraud or illegal conduct. If a fine is assessed and paid prior to the filing of the statement, the department of revenue shall refund the fine upon notification from the political subdivision.

14. If a political subdivision has an outstanding balance for fines or penalties at the time it files its first annual financial statement after January 1, 2023, the director of revenue shall make a one-time downward adjustment to such outstanding balance in an amount that reduces the outstanding balance by no less than ninety percent.

15. The director of revenue shall have the authority to make a one-time downward adjustment to any outstanding penalty imposed under this section on a political subdivision if the director determines the fine is uncollectable. The director of revenue may prescribe rules and regulations necessary to carry out the provisions of this subsection. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held

unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2022, shall be invalid and void.]

105.145. 1. The following definitions shall be applied to the terms used in this section:

(1) "Governing body", the board, body, or persons in which the powers of a political subdivision as a body corporate, or otherwise, are vested;

(2) "Political subdivision", any agency or unit of this state, except counties and school districts, which now is, or hereafter shall be, authorized to levy taxes or empowered to cause taxes to be levied.

2. The governing body of each political subdivision in the state shall cause to be prepared an annual report of the financial transactions of the political subdivision in such summary form as the state auditor shall prescribe by rule, except that the annual report of political subdivisions whose cash receipts for the reporting period are ten thousand dollars or less shall only be required to contain the cash balance at the beginning of the reporting period, a summary of cash receipts, a summary of cash disbursements and the cash balance at the end of the reporting period.

3. Within such time following the end of the fiscal year as the state auditor shall prescribe by rule, the governing body of each political subdivision shall cause a copy of the annual financial report to be remitted to the state auditor.

4. The state auditor shall immediately on receipt of each financial report acknowledge the receipt of the report.

5. In any fiscal year no member of the governing body of any political subdivision of the state shall receive any compensation or payment of expenses after the end of the time within which the financial statement of the political subdivision is required to be filed with the state auditor and until such time as the notice from the state auditor of the filing of the annual financial report for the fiscal year has been received.

6. The state auditor shall prepare sample forms for financial reports and shall mail the same to the political subdivisions of the state. Failure of the auditor to supply such forms shall not in any way excuse any person from the performance of any duty imposed by this section.

7. All reports or financial statements hereinabove mentioned shall be considered to be public records.

8. The provisions of this section apply to the board of directors of every transportation development district organized under sections 238.200 to 238.275.

9. Any political subdivision that fails to timely submit a copy of the annual financial statement to the state auditor shall be subject to a fine of five hundred dollars per day.

10. The state auditor shall report any violation of subsection 9 of this section to the department of revenue. Upon notification from the state auditor's office that a political subdivision failed to timely submit a copy of the annual financial statement, the department of revenue shall notify such political subdivision by certified mail that the statement has not been received. Such notice shall clearly set forth the following:

(1) The name of the political subdivision;

(2) That the political subdivision shall be subject to a fine of five hundred dollars per day if the political subdivision does not submit a copy of the annual financial statement to the state auditor's office within thirty days from the postmarked date stamped on the certified mail envelope;

(3) That the fine will be enforced and collected as provided under subsection 11 of this section; and

(4) That the fine will begin accruing on the thirty-first day from the postmarked date stamped on the certified mail envelope and will continue to accrue until the state auditor's office receives a copy of the financial statement.

In the event a copy of the annual financial statement is received within such thirty-day period, no fine shall accrue or be imposed. The state auditor shall report receipt of the financial statement to the department of revenue within ten business days. Failure of the political subdivision to submit the required annual financial statement within such thirty-day period shall cause the fine to be collected as provided under subsection 11 of this section.

11. The department of revenue may collect the fine authorized under the provisions of subsection 9 of this section by offsetting any sales or use tax distributions due to the political subdivision. The director of revenue shall retain two percent for the cost of such collection. The remaining revenues collected from such violations shall be distributed annually to the schools of the county in the same manner that proceeds for all penalties, forfeitures, and fines collected for any breach of the penal laws of the state are distributed.

12. Any [transportation development district organized under sections 238.200 to 238.275 having] **political subdivision that has** gross revenues of less than five thousand dollars **or that has not levied or collected sales or use taxes** in the fiscal year for which the annual financial statement was not timely filed shall not be subject to the fine authorized in this section.

13. If a failure to timely submit the annual financial statement is the result of fraud or other illegal conduct by an employee or officer of the political subdivision, the political subdivision shall not be subject to a fine authorized under this section if the statement is filed within thirty days of the discovery of the fraud or illegal conduct. If a fine is assessed and paid prior to the filing of the statement, the department of revenue shall refund the fine upon notification from the political subdivision.

14. If a political subdivision has an outstanding balance for fines or penalties at the time it files its first annual financial statement after August 28, 2024, the director of revenue shall make a one-time downward adjustment to such outstanding balance in an amount that reduces the outstanding balance by no less than ninety percent.

15. The director of revenue shall have the authority to make a one-time downward adjustment to any outstanding penalty imposed under this section on a political subdivision if the director determines the fine is uncollectable. The director of revenue may prescribe rules and regulations necessary to carry out the provisions of this subsection. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or

to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2024, shall be invalid and void.”; and

Further amend said bill, Page 17, Section 108.170, Line 171, by inserting after said section and line the following:

“[140.170. 1. Except for lands described in subsection 7 of this section, the county collector shall cause a copy of the list of delinquent lands and lots to be printed in some newspaper of general circulation published in the county for three consecutive weeks, one insertion weekly, before the sale, the last insertion to be at least fifteen days prior to the fourth Monday in August.

2. In addition to the names of all record owners or the names of all owners appearing on the land tax book it is only necessary in the printed and published list to state in the aggregate the amount of taxes, penalty, interest and cost due thereon, each year separately stated.

3. To the list shall be attached and in like manner printed and published a notice of said lands and lots stating that said land and lots will be sold at public auction to discharge the taxes, penalty, interest, and costs due thereon at the time of sale in or adjacent to the courthouse of such county, on the fourth Monday in August next thereafter, commencing at ten o'clock of said day and continuing from day to day thereafter until all are offered. Such auction may also be conducted by electronic media, including the internet, at the same time and at the discretion of the county collector.

4. The county collector, on or before the day of sale, shall insert at the foot of the list on his or her record a copy of the notice and certify on his or her record immediately following the notice the name of the newspaper of the county in which the notice was printed and published and the dates of insertions thereof in the newspaper.

5. The expense of such printing shall be paid out of the county treasury and shall not exceed the rate provided for in chapter 493, relating to legal publications, notices and advertisements, and the cost of printing at the rate paid by the county shall be taxed as part of the costs of the sale of any land or lot contained in the list.

6. The county collector shall cause the affidavit of the printer, editor or publisher of the newspaper in which the list of delinquent lands and notice of sale was published, as provided by section 493.060, with the list and notice attached, to be recorded in the office of the recorder of deeds of the county, and the recorder shall not charge or receive any fees for recording the same.

7. The county collector may have a separate list of such lands, without legal descriptions or the names of the record owners, printed in a newspaper of general circulation published in such county for three consecutive weeks before the sale of such lands for a parcel or lot of land that:

(1) Has an assessed value of one thousand five hundred dollars or less and has been advertised previously; or

(2) Is a lot in a development of twenty or more lots and such lot has an assessed value of one thousand five hundred dollars or less.

The notice shall state that legal descriptions and the names of the record owners of such lands shall be posted at any county courthouse within the county and the office of the county collector.

8. If, in the opinion of the county collector, an adequate legal description of the delinquent land and lots cannot be obtained through researching the documents available through the recorder of deeds, the collector may commission a professional land surveyor to prepare an adequate legal description of the delinquent land and lots in question. The costs of any commissioned land survey deemed necessary by the county collector shall be taxed as part of the costs of the sale of any land or lots contained in the list prepared under this section.]

140.170. 1. Except for lands described in subsection 7 of this section, the county collector shall cause a copy of the list of delinquent lands and lots to be printed in some newspaper of general circulation published in the county for three consecutive weeks, one insertion weekly, before the sale, the last insertion to be at least fifteen days prior to the fourth Monday in August.

2. In addition to the names of all record owners or the names of all owners appearing on the land tax book it is only necessary in the printed and published list to state in the aggregate the amount of taxes, penalty, interest and cost due thereon, each year separately stated.

3. To the list shall be attached and in like manner printed and published a notice of said lands and lots stating that said land and lots will be sold at public auction to discharge the taxes, penalty, interest, and costs due thereon at the time of sale in or adjacent to the courthouse of such county, on the fourth Monday in August next thereafter, commencing at ten o'clock of said day and continuing from day to day thereafter until all are offered. **Such auction may also be conducted by electronic media, including the internet, at the same time and at the discretion of the county collector.**

4. The county collector, on or before the day of sale, shall insert at the foot of the list on his or her record a copy of the notice and certify on his or her record immediately following the notice the name of the newspaper of the county in which the notice was printed and published and the dates of insertions thereof in the newspaper.

5. The expense of such printing shall be paid out of the county treasury and shall not exceed the rate provided for in chapter 493, relating to legal publications, notices and advertisements, and the cost of printing at the rate paid by the county shall be taxed as part of the costs of the sale of any land or lot contained in the list.

6. The county collector shall cause the affidavit of the printer, editor or publisher of the newspaper in which the list of delinquent lands and notice of sale was published, as provided by section 493.060, with the list and notice attached, to be recorded in the office of the recorder of deeds of the county, and the recorder shall not charge or receive any fees for recording the same.

7. The county collector may have a separate list of such lands, without legal descriptions or the names of the record owners, printed in a newspaper of general circulation published in such county for three consecutive weeks before the sale of such lands for a parcel or lot of land that:

(1) Has an assessed value of one thousand five hundred dollars or less and has been advertised previously; or

(2) Is a lot in a development of twenty or more lots and such lot has an assessed value of one thousand five hundred dollars or less.

The notice shall state that legal descriptions and the names of the record owners of such lands shall be posted at any county courthouse within the county and the office of the county collector.

8. If, in the opinion of the county collector, an adequate legal description of the delinquent land and lots cannot be obtained through researching the documents available through the recorder of deeds, the collector may commission a professional land surveyor to prepare an adequate legal description of the delinquent land and lots in question. The costs of any commissioned land survey deemed necessary by the county collector shall be taxed as part of the costs of the sale of any land or lots contained in the list prepared under this section.

[140.190. 1. On the day mentioned in the notice, the county collector shall commence the sale of such lands, and shall continue the same from day to day until each parcel assessed or belonging to each person assessed shall be sold as will pay the taxes, interest and charges thereon, or chargeable to such person in said county.

2. The person or land bank agency offering at said sale, whether in person or by electronic media, to pay the required sum for a tract shall be considered the purchaser of such land; provided, no sale shall be made to any person or designated agent who is currently delinquent on any tax payments on any property, other than a delinquency on the property being offered for sale, and who does not sign an affidavit stating such at the time of sale. Failure to sign such affidavit as well as signing a false affidavit may invalidate such sale. No bid shall be received from any person not a resident of the state of Missouri or a foreign corporation or entity all deemed nonresidents. A nonresident shall file with said collector an agreement in writing consenting to the jurisdiction of the circuit court of the county in which such sale shall be made, and also filing with such collector an appointment of some citizen of said county as agent of said nonresident, and consenting that service of process on such agent shall give such court jurisdiction to try and determine any suit growing out of or connected with such sale for taxes. After the delinquent auction sale, any certificate of purchase shall be issued to the agent. After meeting the requirements of section 140.405, the property shall be conveyed to the agent on behalf of the nonresident, and the agent shall thereafter convey the property to the nonresident.

3. All such written consents to jurisdiction and selective appointments shall be preserved by the county collector and shall be binding upon any person or corporation claiming under the person consenting to jurisdiction and making the appointment herein referred to; provided further, that in the event of the death, disability or refusal to act of the person appointed as agent of said nonresident the county clerk shall become the appointee as agent of said nonresident.

4. No person residing in any home rule city with more than seventy-one thousand but fewer than seventy-nine thousand inhabitants shall be eligible to offer to purchase lands under this section unless such person has, no later than ten days before the sale date, demonstrated to the satisfaction of the official charged by law with conducting the sale that the person is not the owner of any parcel of real property that has two or more violations of the municipality's building or housing codes. A prospective bidder may make such a demonstration by presenting statements from the appropriate collection and code enforcement officials of the municipality. This subsection shall not apply to any taxing authority or land bank agency, and entities shall be eligible to bid at any sale conducted under this section without making such a demonstration.]

140.190. 1. On the day mentioned in the notice, the county collector shall commence the sale of such lands, and shall continue the same from day to day until each parcel assessed or belonging to each person assessed shall be sold as will pay the taxes, interest and charges thereon, or chargeable to such person in said county.

2. The person or land bank agency offering at said sale, **whether in person or by electronic media**, to pay the required sum for a tract shall be considered the purchaser of such land; provided, no sale shall be made to any person or designated agent who is currently delinquent on any tax payments on any property, other than a delinquency on the property being offered for sale, and who does not sign an affidavit stating such at the time of sale. Failure to sign such affidavit as well as signing a false affidavit may invalidate such sale. No bid shall be received from any person not a resident of the state of Missouri or a foreign corporation or entity all deemed nonresidents. A nonresident shall file with said collector an agreement in writing consenting to the jurisdiction of the circuit court of the county in which such sale shall be made, and also filing with such collector an appointment of some citizen of said county as agent of said nonresident, and consenting that service of process on such agent shall give such court jurisdiction to try and determine any suit growing out of or connected with such sale for taxes. After the delinquent auction sale, any certificate of purchase shall be issued to the agent. After meeting the requirements of section 140.405, the property shall be conveyed to the agent on behalf of the nonresident, and the agent shall thereafter convey the property to the nonresident.

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Further amend said bill, Page 102, Section 442.210, Line 38, by inserting after all of said section and line the following:

“[473.742. 1. Each public administrator in counties of the second, third or fourth classification and in the City of St. Louis shall make a determination within thirty days after taking office whether such public administrator shall elect to receive a salary as defined herein or receive fees as may be allowed by law to executors, administrators and personal representatives. The election by the public administrator shall be made in writing to the county clerk. Should the public administrator elect to receive a salary, the public administrator's office may not then elect to change at any future time to receive fees in lieu of salary.

Every public administrator who begins his or her first term on or after January 1, 2023, shall be deemed to have elected to receive a salary as provided in this section.

2. If a public administrator elects to be placed on salary, the salary shall be based upon the average number of open letters in the two years preceding the term when the salary is elected, based upon the following schedule:

- (1) Zero to five letters: salary shall be a minimum of seven thousand five hundred dollars;
- (2) Six to fifteen letters: salary shall be a minimum of fifteen thousand dollars;
- (3) Sixteen to twenty-five letters: salary shall be a minimum of twenty thousand dollars;
- (4) Twenty-six to thirty-nine letters: salary shall be a minimum of twenty-five thousand dollars;

(5) Public administrators with forty or more letters shall be considered full-time county officials and shall be paid according to the assessed valuation schedule set forth below:

Assessed Valuation			Salary
\$	8,000,000	to 40,999,999	\$29,000
\$	41,000,000	to 53,999,999	\$30,000
\$	54,000,000	to 65,999,999	\$32,000
\$	66,000,000	to 85,999,999	\$34,000
\$	86,000,000	to 99,999,999	\$36,000
\$	100,000,000	to 130,999,999	\$38,000
\$	131,000,000	to 159,999,999	\$40,000
\$	160,000,000	to 189,999,999	\$41,000
\$	190,000,000	to 249,999,999	\$41,500
\$	250,000,000	to 299,999,999	\$43,000
\$	300,000,000	to 449,999,999	\$45,000
\$	450,000,000	to 599,999,999	\$47,000

\$	600,000,000	to	749,999,999	\$49,000
\$	750,000,000	to	899,999,999	\$51,000
\$	900,000,000	to	1,049,999,999	\$53,000
\$	1,050,000,000	to	1,199,999,999	\$55,000
\$	1,200,000,000	to	1,349,999,999	\$57,000
\$	1,350,000,000		and over	\$59,000

;

(6) The public administrator in the City of St. Louis shall receive a salary not less than sixty-five thousand dollars;

(7) Two thousand dollars of the compensation authorized in this section shall be payable to the public administrator only if he or she has completed at least twenty hours of instruction each calendar year relating to the operations of the public administrator's office when approved by a professional association of the county public administrators of Missouri unless exempted from the training by the professional association. The professional association approving the program shall provide a certificate of completion to each public administrator who completes the training program and shall send a list of certified public administrators to the treasurer of each county. Expenses incurred for attending the training session shall be reimbursed to the county public administrator in the same manner as other expenses as may be appropriated for that purpose.

3. If a public administrator is appointed by the court as both a guardian and a conservator to the same ward or protectee, it shall be considered two letters.

4. Notwithstanding subsection 2 or 5 of this section, upon majority approval by the salary commission, a public administrator may be paid according to the assessed valuation schedule set forth in subdivision (5) of subsection 2 of this section. If the salary commission elects to pay a public administrator according to the assessed valuation schedule, the salary commission shall not elect to change at any future time to pay the public administrator's office according to the average number of open letters in lieu of paying them according to the assessed valuation schedule.

5. The initial compensation of the public administrator who elects to be put on salary shall be determined by the average number of letters for the two years preceding the term when the salary is elected. Salary increases or decreases according to the minimum schedule set forth in this section shall be adjusted only after the number of open letters places the workload in a different subdivision for two consecutive years. Minimum salary increases or decreases shall only take effect upon a new term of office of the public administrator. The number of letters each year shall be determined in accordance with the reporting requirements set forth in law.

6. All fees collected by a public administrator who elects to be salaried shall be deposited in the county treasury or with the treasurer for the City of St. Louis.

7. Any public administrator in a county of the first classification without a charter form of government with a population of less than one hundred thousand inhabitants who elects to receive fees in lieu of a salary pursuant to this section may elect to join the Missouri local government employees' retirement system created pursuant to sections 70.600 to 70.755.

8. (1) A letter of guardianship and a letter of conservatorship shall be counted as separate letters.

(2) For purposes of this subsection:

(a) "Letter of conservatorship" means the appointment of a conservatorship of an estate by the court to a protectee adjudged to be disabled;

(b) "Letter of guardianship" means the appointment of a guardianship by the court to a ward adjudged to be incapacitated.]

473.742. 1. Each public administrator in counties of the second, third or fourth classification and in the city of St. Louis shall make a determination within thirty days after taking office whether such public administrator shall elect to receive a salary as defined herein or receive fees as may be allowed by law to executors, administrators and personal representatives. The election by the public administrator shall be made in writing to the county clerk. Should the public administrator elect to receive a salary, the public administrator's office may not then elect to change at any future time to receive fees in lieu of salary. **Every public administrator who begins his or her first term on or after January 1, 2024, shall be deemed to have elected to receive a salary as provided in this section.**

2. If a public administrator elects to be placed on salary, the salary shall be based upon the average number of open letters in the two years preceding the term when the salary is elected, based upon the following schedule:

(1) Zero to five letters: salary shall be a minimum of seven thousand five hundred dollars;

(2) Six to fifteen letters: salary shall be a minimum of fifteen thousand dollars;

(3) Sixteen to twenty-five letters: salary shall be a minimum of twenty thousand dollars;

(4) Twenty-six to thirty-nine letters: salary shall be a minimum of twenty-five thousand dollars;

(5) Public administrators with forty or more letters shall be considered full-time county officials and shall be paid according to the assessed valuation schedule set forth below:

Assessed Valuation			Salary
\$	8,000,000	to 40,999,999	\$29,000
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\$ 54,000,000	to	65,999,999	\$32,000
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\$ 100,000,000	to	130,999,999	\$38,000
\$ 131,000,000	to	159,999,999	\$40,000
\$ 160,000,000	to	189,999,999	\$41,000
\$ 190,000,000	to	249,999,999	\$41,500
\$ 250,000,000	to	299,999,999	\$43,000
\$ 300,000,000	to	449,999,999	\$45,000
\$ 450,000,000	to	599,999,999	\$47,000
\$ 600,000,000	to	749,999,999	\$49,000
\$ 750,000,000	to	899,999,999	\$51,000
\$ 900,000,000	to	1,049,999,999	\$53,000
\$ 1,050,000,000	to	1,199,999,999	\$55,000
\$ 1,200,000,000	to	1,349,999,999	\$57,000
\$ 1,350,000,000		and over	\$59,000

;

(6) The public administrator in the city of St. Louis shall receive a salary not less than sixty-five thousand dollars;

(7) Two thousand dollars of the compensation authorized in this section shall be payable to the public administrator only if he or she has completed at least twenty hours of instruction each calendar year relating to the operations of the public administrator's office when approved by a professional association of the county public administrators of Missouri unless exempted from the training by the professional

association. The professional association approving the program shall provide a certificate of completion to each public administrator who completes the training program and shall send a list of certified public administrators to the treasurer of each county. Expenses incurred for attending the training session shall be reimbursed to the county public administrator in the same manner as other expenses as may be appropriated for that purpose.

3. If a public administrator is appointed by the court as both a guardian and a conservator to the same ward or protectee, it shall be considered two letters.

4. Notwithstanding subsection 2 or 5 of this section, upon majority approval by the salary commission, a public administrator may be paid according to the assessed valuation schedule set forth in subdivision (5) of subsection 2 of this section. If the salary commission elects to pay a public administrator according to the assessed valuation schedule, the salary commission shall not elect to change at any future time to pay the public administrator's office according to the average number of open letters in lieu of paying them according to the assessed valuation schedule.

5. The initial compensation of the public administrator who elects to be put on salary shall be determined by the average number of letters for the two years preceding the term when the salary is elected. Salary increases or decreases according to the minimum schedule set forth in [subsection 1 of] this section shall be adjusted only after the number of open letters places the workload in a different subdivision for two consecutive years. Minimum salary increases or decreases shall only take effect upon a new term of office of the public administrator. The number of letters each year shall be determined in accordance with the reporting requirements set forth in law.

[4.] 6. All fees collected by a public administrator who elects to be salaried shall be deposited in the county treasury or with the treasurer for the city of St. Louis.

[5.] 7. Any public administrator in a county of the first classification without a charter form of government with a population of less than one hundred thousand inhabitants who elects to receive fees in lieu of a salary pursuant to this section may elect to join the Missouri local government employees' retirement system created pursuant to sections 70.600 to 70.755.

8. (1) A letter of guardianship and a letter of conservatorship shall be counted as separate letters.

(2) For purposes of this subsection the following terms mean:

(a) "Letter of conservatorship", the appointment of a conservatorship of an estate by the court to a protectee adjudged to be disabled;

(b) "Letter of guardianship", the appointment of a guardianship by the court to a ward adjudged to be incapacitated.

610.021. Except to the extent disclosure is otherwise required by law, a public governmental body is authorized to close meetings, records and votes, to the extent they relate to the following:

(1) Legal actions, causes of action or litigation involving a public governmental body and any confidential or privileged communications between a public governmental body or its representatives and its attorneys. However, any minutes, vote or settlement agreement relating to legal actions, causes of action or litigation involving a public governmental body or any agent or entity representing its interests

or acting on its behalf or with its authority, including any insurance company acting on behalf of a public government body as its insured, shall be made public upon final disposition of the matter voted upon or upon the signing by the parties of the settlement agreement, unless, prior to final disposition, the settlement agreement is ordered closed by a court after a written finding that the adverse impact to a plaintiff or plaintiffs to the action clearly outweighs the public policy considerations of section 610.011, however, the amount of any moneys paid by, or on behalf of, the public governmental body shall be disclosed; provided, however, in matters involving the exercise of the power of eminent domain, the vote shall be announced or become public immediately following the action on the motion to authorize institution of such a legal action. Legal work product shall be considered a closed record;

(2) Leasing, purchase or sale of real estate by a public governmental body where public knowledge of the transaction might adversely affect the legal consideration therefor. However, any minutes, vote or public record approving a contract relating to the leasing, purchase or sale of real estate by a public governmental body shall be made public upon execution of the lease, purchase or sale of the real estate;

(3) Hiring, firing, disciplining or promoting of particular employees by a public governmental body when personal information about the employee is discussed or recorded. However, any vote on a final decision, when taken by a public governmental body, to hire, fire, promote or discipline an employee of a public governmental body shall be made available with a record of how each member voted to the public within seventy-two hours of the close of the meeting where such action occurs; provided, however, that any employee so affected shall be entitled to prompt notice of such decision during the seventy-two-hour period before such decision is made available to the public. As used in this subdivision, the term "personal information" means information relating to the performance or merit of individual employees;

(4) The state militia or national guard or any part thereof;

(5) Nonjudicial mental or physical health proceedings involving identifiable persons, including medical, psychiatric, psychological, or alcoholism or drug dependency diagnosis or treatment;

(6) Scholastic probation, expulsion, or graduation of identifiable individuals, including records of individual test or examination scores; however, personally identifiable student records maintained by public educational institutions shall be open for inspection by the parents, guardian or other custodian of students under the age of eighteen years and by the parents, guardian or other custodian and the student if the student is over the age of eighteen years;

(7) Testing and examination materials, before the test or examination is given or, if it is to be given again, before so given again;

(8) Welfare cases of identifiable individuals;

(9) Preparation, including any discussions or work product, on behalf of a public governmental body or its representatives for negotiations with employee groups;

(10) Software codes for electronic data processing and documentation thereof;

(11) Specifications for competitive bidding, until either the specifications are officially approved by the public governmental body or the specifications are published for bid;

(12) Sealed bids and related documents, until the bids are opened; and sealed proposals and related documents or any documents related to a negotiated contract until a contract is executed, or all proposals are rejected;

(13) Individually identifiable personnel records, performance ratings or records pertaining to employees or applicants for employment, except that this exemption shall not apply to the names, positions, salaries and lengths of service of officers and employees of public agencies once they are employed as such, and the names of private sources donating or contributing money to the salary of a chancellor or president at all public colleges and universities in the state of Missouri and the amount of money contributed by the source;

(14) Records which are protected from disclosure by law;

(15) Meetings and public records relating to scientific and technological innovations in which the owner has a proprietary interest;

(16) Records relating to municipal hotlines established for the reporting of abuse and wrongdoing;

(17) Confidential or privileged communications between a public governmental body and its auditor, including all auditor work product; however, all final audit reports issued by the auditor are to be considered open records pursuant to this chapter;

(18) (a) Security measures, global positioning system (GPS) data, investigative information, or investigative or surveillance techniques of any public agency responsible for law enforcement or public safety that, if disclosed, has the potential to endanger the health or safety of an individual or the public.

(b) Any information or data provided to a tip line for the purpose of safety or security at an educational institution that, if disclosed, has the potential to endanger the health or safety of an individual or the public.

(c) Any information contained in any suspicious activity report provided to law enforcement that, if disclosed, has the potential to endanger the health or safety of an individual or the public.

(d) Operational guidelines, policies and specific response plans developed, adopted, or maintained by any public agency responsible for law enforcement, public safety, first response, or public health for use in responding to or preventing any critical incident which has the potential to endanger individual or public safety or health. Financial records related to the procurement of or expenditures relating to operational guidelines, policies or plans purchased with public funds shall be open. When seeking to close information pursuant to this exception, the public governmental body shall affirmatively state in writing that disclosure would impair the public governmental body's ability to protect the security or safety of persons or real property, and shall in the same writing state that the public interest in nondisclosure outweighs the public interest in disclosure of the records;

(19) Existing or proposed security systems and structural plans of real property owned or leased by a public governmental body, and information that is voluntarily submitted by a nonpublic entity owning or operating an infrastructure to any public governmental body for use by that body to devise plans for protection of that infrastructure, the public disclosure of which would threaten public safety:

(a) Records related to the procurement of or expenditures relating to security systems purchased with public funds shall be open;

(b) When seeking to close information pursuant to this exception, the public governmental body shall affirmatively state in writing that disclosure would impair the public governmental body's ability to protect the security or safety of persons or real property, and shall in the same writing state that the public interest in nondisclosure outweighs the public interest in disclosure of the records;

(c) Records that are voluntarily submitted by a nonpublic entity shall be reviewed by the receiving agency within ninety days of submission to determine if retention of the document is necessary in furtherance of a state security interest. If retention is not necessary, the documents shall be returned to the nonpublic governmental body or destroyed;

(20) The portion of a record that identifies security systems or access codes or authorization codes for security systems of real property;

(21) Records that identify the configuration of components or the operation of a computer, computer system, computer network, or telecommunications network, and would allow unauthorized access to or unlawful disruption of a computer, computer system, computer network, or telecommunications network of a public governmental body. This exception shall not be used to limit or deny access to otherwise public records in a file, document, data file or database containing public records. Records related to the procurement of or expenditures relating to such computer, computer system, computer network, or telecommunications network, including the amount of moneys paid by, or on behalf of, a public governmental body for such computer, computer system, computer network, or telecommunications network shall be open;

(22) Credit card numbers, personal identification numbers, digital certificates, physical and virtual keys, access codes or authorization codes that are used to protect the security of electronic transactions between a public governmental body and a person or entity doing business with a public governmental body. Nothing in this section shall be deemed to close the record of a person or entity using a credit card held in the name of a public governmental body or any record of a transaction made by a person using a credit card or other method of payment for which reimbursement is made by a public governmental body;

(23) Records submitted by an individual, corporation, or other business entity to a public institution of higher education in connection with a proposal to license intellectual property or perform sponsored research and which contains sales projections or other business plan information the disclosure of which may endanger the competitiveness of a business;

(24) Records relating to foster home or kinship placements of children in foster care under section 210.498; [and]

(25) Individually identifiable customer usage and billing records for customers of a municipally owned utility, unless the records are requested by the customer or authorized for release by the customer, except that a municipally owned utility shall make available to the public the customer's name, billing address, location of service, and dates of service provided for any commercial service account; **and**

(26) Any portion of a record that contains individually identifiable information of a minor seventeen years and under held by a public governmental body, if such public governmental body is a city, town, village, or park board except when such records are requested by the division of labor standards within the department of labor and industrial relations for the purpose of enforcing chapter 294.

[50.800. 1. On or before the first Monday in March of each year, the county commission of each county of the second, third, or fourth class shall prepare and publish in some newspaper as provided for in section 493.050, if there is one, and if not by notices posted in at least ten places in the county, a detailed financial statement of the county for the year ending December thirty-first, preceding.

2. The statement shall show the bonded debt of the county, if any, kind of bonds, date of maturity, interest rate, rate of taxation levied for interest and sinking fund and authority for the levy, the total amount of interest and sinking fund that has been collected and interest and sinking fund on hand in cash.

3. The statement shall also show separately the total amount of the county and township school funds on hand and loaned out, the amount of penalties, fines, levies, utilities, forfeitures, and any other taxes collected and disbursed or expended during the year and turned into the permanent school fund, the name of each person who has a loan from the permanent school fund, whether county or township, the amount of the loan, date loan was made and date of maturity, description of the security for the loan, amount, if any, of delinquent interest on each loan.

4. The statement shall show the total valuation of the county for purposes of taxation, the highest rate of taxation the constitution permits the county commission to levy for purposes of county revenue, the rate levied by the county commission for the year covered by the statement, division of the rate levied among the several funds and total amount of delinquent taxes for all years as of December thirty-first.

5. The statement shall show receipts or revenues into each and every fund separately. Each fund shall show the beginning balance of each fund; each source of revenue; the total amount received from each source of revenue; the total amount available in each fund; the total amount of disbursements or expenditures from each fund and the ending balance of each fund as of December thirty-first. The total receipts or revenues for the year into all funds shall be shown in the recapitulation. In counties with the township form of government, each township shall be considered a fund pursuant to this subsection.

6. Total disbursements or expenditures shall be shown for warrants issued in each category contained in the forms developed or approved by the state auditor pursuant to section 50.745. Total amount of warrants, person or vendor to whom issued and purpose for which issued shall be shown except as herein provided. Under a separate heading in each fund the statements shall show what warrants are outstanding and unpaid for the lack of funds on that date with appropriate balance or overdraft in each fund as the case may be.

7. Warrants issued to pay for the service of election judges and clerks of elections shall be in the following form:

Names of judges and clerks of elections at \$ _____ per day (listing the names run in and not listing each name by lines, and at the end of the list of names giving the total of the amount of all the warrants issued for such election services).

8. Warrants issued to pay for the service of jurors shall be in the following form:

Names of jurors at \$ _____ per day (listing the names run in and not listing each name by lines, and at the end of the list of names giving the total of the amount of all the warrants issued for such election service).

9. Warrants to Internal Revenue Service for Social Security and withholding taxes shall be brought into one call.

10. Warrants to the director of revenue of Missouri for withholding taxes shall be brought into one call.

11. Warrants to the division of employment security shall be brought into one call.

12. Warrants to Missouri local government employees' retirement system or other retirement funds for each office shall be brought into one call.

13. Warrants for utilities such as gas, water, lights and power shall be brought into one call except that the total shall be shown for each vendor.

14. Warrants issued to each telephone company shall be brought into one call for each office in the following form:

(Name of Telephone Company for _____ office and total amount of warrants issued).

15. Warrants issued to the postmaster for postage shall be brought into one call for each office in the following form:

(Postmaster for _____ office and total amount of warrants issued).

16. Disbursements or expenditures by road districts shall show the warrants, if warrants have been issued in the same manner as provided for in subsection 5 of this section. If money has been disbursed or expended by overseers the financial statement shall show the total paid by the overseer to each person for the year, and the purpose of each payment. Receipts or revenues into the county distributive school fund shall be listed in detail, disbursements or expenditures shall be listed and the amount of each disbursement or expenditure. If any taxes have been levied by virtue of Section 12(a) of Article X of the Constitution of Missouri the financial statement shall contain the following:

By virtue and authority of the discretionary power conferred upon the county commissions of the several counties of this state to levy a tax of not to exceed 35 cents on the \$100 assessed valuation the county commission of _____ County did for the year covered by this report levy a tax rate of _____ cents on the \$100 assessed valuation which said tax amounted to \$_____ and was disbursed or expended as follows:

The statement shall show how the money was disbursed or expended and if any part of the sum has not been accounted for in detail under some previous appropriate heading the portion not previously accounted for shall be shown in detail.

17. At the end of the statement the person designated by the county commission to prepare the financial statement herein required shall append the following certificate:

I, _____, the duly authorized agent appointed by the county commission of _____ County, state of Missouri, to prepare for publication the financial statement as required by section 50.800, RSMo, hereby certify that I have diligently checked the records of the

county and that the above and foregoing is a complete and correct statement of every item of information required in section 50.800, RSMo, for the year ending December 31, _____, and especially have I checked every receipt from every source whatsoever and every disbursement or expenditure of every kind and to whom and for what each such disbursement or expenditure was made and that each receipt or revenue and disbursement or expenditure is accurately shown. (If for any reason complete and accurate information is not given the following shall be added to the certificate.) Exceptions: The above report is incomplete because proper information was not available in the following records _____ which are in the keeping of the following officer or officers. The person designated to prepare the financial statement shall give in detail any incomplete data called for by this section.

Date _____

Officer designated by county commission to prepare financial statement required by section 50.800, RSMo.

Or if no one has been designated said statement having been prepared by the county clerk, signature shall be in the following form:

Clerk of the county commission and ex officio officer designated to prepare financial statement required by section 50.800, RSMo.

18. Any person falsely certifying to any fact covered by the certificate is liable on his bond and upon conviction of falsely certifying to any fact covered by the certificate is guilty of a misdemeanor and punishable by a fine of not less than two hundred dollars or more than one thousand dollars or by imprisonment in the county jail for not less than thirty days nor more than six months or by both fine and imprisonment. Any person charged with the responsibility of preparing the financial report who willfully or knowingly makes a false report of any record, is, in addition to the penalty otherwise provided for in this law, deemed guilty of a felony and upon conviction shall be sentenced to the penitentiary for not less than two years nor more than five years.]

[50.810. 1. The statement shall be printed in not less than 8-point type, but not more than the smallest point type over 8-point type available and in the standard column width measure that will take the least space. The publisher shall file two proofs of publication with the county commission and the commission shall forward one proof to the state auditor and shall file the other in the office of the commission. The county commission shall not pay the publisher until proof of publication is filed with the commission and shall not pay the person designated to prepare the statement for the preparation of the copy for the statement until the state auditor notifies the commission that proof of publication has been received and that it complies with the requirements of this section.

2. The statement shall be spread on the record of the commission and for this purpose the publisher shall be required to furnish the commission with at least two copies of the statement that may be pasted on the record. The publisher shall itemize the cost of publishing said statement by column inch as properly chargeable to the several funds and shall submit such costs for payment to the county commission. The county commission shall pay out of each fund in the proportion that each item bears to the total cost of publishing said statement and shall issue warrants therefor; provided any part not properly chargeable to any specific fund shall be paid from the county general revenue fund.

3. The state auditor shall notify the county treasurer immediately of the receipt of the proof of publication of the statement. After the first of April of each year the county treasurer shall not pay or enter for protest any warrant for the pay of any commissioner of any county commission until notice is received from the state auditor that the required proof of publication has been filed. Any county treasurer paying or entering for protest any warrant for any commissioner of the county commission prior to the receipt of such notice from the state auditor shall be liable on his official bond therefor.

4. The state auditor shall prepare sample forms for financial statements and shall mail the same to the county clerks of the several counties in this state. If the county commission employs any person other than a bonded county officer to prepare the financial statement the county commission shall require such person to give bond with good and sufficient sureties in the penal sum of one thousand dollars for the faithful performance of his duty. If any county officer or other person employed to prepare the financial statement herein provided for shall fail, neglect, or refuse to, in any manner, comply with the provisions of this law he shall, in addition to other penalties herein provided, be liable on his official bond for dereliction of duty.]"; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 4

Amend House Committee Substitute for Senate Bill No. 736, Page 102, Section 442.210, Line 38, by inserting after said section and line the following:

"478.001. 1. For purposes of sections 478.001 to 478.009, the following terms shall mean:

(1) "Adult treatment court", a treatment court focused on addressing the substance use disorder or co-occurring disorder of defendants charged with a criminal offense;

(2) "Community-based substance use disorder treatment program", an agency certified by the department of mental health as a substance use disorder treatment provider;

(3) "Co-occurring disorder", the coexistence of both a substance use disorder and a mental health disorder;

(4) "DWI court", a treatment court focused on addressing the substance use disorder or co-occurring disorder of defendants who have pleaded guilty to or been found guilty of driving while intoxicated or driving with excessive blood alcohol content;

(5) "Family treatment court", a treatment court focused on addressing a substance use disorder or co-occurring disorder existing in families in the juvenile court, family court, or criminal court in which a

parent or other household member has been determined to have a substance use disorder or co-occurring disorder that impacts the safety and well-being of the children in the family;

(6) “Juvenile treatment court”, a treatment court focused on addressing the substance use disorder or co-occurring disorder of juveniles in the juvenile court;

(7) “Medication-assisted treatment”, the use of pharmacological medications, in combination with counseling and behavioral therapies, to provide a whole-patient approach to the treatment of substance use disorders;

(8) **“Mental health court”, a court focused on addressing the mental health disorder or co-occurring disorder of defendants charged with a criminal offense;**

(9) “Mental health disorder”, any organic, mental, or emotional impairment that has substantial adverse effects on a person's cognitive, volitional, or emotional function and that constitutes a substantial impairment in a person's ability to participate in activities of normal living;

[(9)] (10) “Risk and needs assessment”, an actuarial tool, approved by the treatment courts coordinating commission and validated on a targeted population of drug-involved adult offenders, scientifically proven to determine a person's risk to recidivate and to identify criminal risk factors that, when properly addressed, can reduce that person's likelihood of committing future criminal behavior;

[(10)] (11) “Substance use disorder”, the recurrent use of alcohol or drugs that causes clinically significant impairment, including health problems, disability, and failure to meet major responsibilities at work, school, or home;

[(11)] (12) “Treatment court commissioner”, a person appointed by a majority of the circuit and associate circuit judges in a circuit to preside as the judicial officer in the treatment court division;

[(12)] (13) “Treatment court division”, a specialized, nonadversarial court division with jurisdiction over cases involving substance-involved offenders and making extensive use of comprehensive supervision, drug or alcohol testing, and treatment services. Treatment court divisions include, but are not limited to, the following specialized courts: adult treatment court, DWI court, family treatment court, juvenile treatment court, **mental health court**, veterans treatment court, or any combination thereof;

[(13)] (14) “Treatment court team”, the following members who are assigned to the treatment court: the judge or treatment court commissioner, treatment court administrator or coordinator, prosecutor, public defender or member of the criminal defense bar, a representative from the division of probation and parole, a representative from law enforcement, substance use **or mental health** disorder treatment providers, and any other person selected by the treatment court team;

[(14)] (15) “Veterans treatment court”, a treatment court focused on substance use disorders, co-occurring disorders, or mental health disorders of defendants charged with a criminal offense who are military veterans or current military personnel.

2. A treatment court division shall be established, prior to August 28, 2021, by any circuit court pursuant to sections 478.001 to 478.009 to provide an alternative for the judicial system to dispose of cases which stem from, or are otherwise impacted by, a substance use **or mental health disorder**. The treatment court division may include, but not be limited to, cases assigned to an adult treatment court,

DWI court, family treatment court, juvenile treatment court, **mental health court**, veterans treatment court, or any combination thereof. A treatment court shall combine judicial supervision, drug or alcohol testing, and treatment of participants. Except for good cause found by the court, a treatment court making a referral for substance use **or mental health** disorder treatment, when such program will receive state or federal funds in connection with such referral, shall refer the person only to a program which is certified by the department of mental health, unless no appropriate certified treatment program is located within the same county as the treatment court. Upon successful completion of the treatment court program, the charges, petition, or penalty against a treatment court participant may be dismissed, reduced, or modified, unless otherwise stated. Any fees received by a court from a defendant as payment for substance **or mental health** treatment programs shall not be considered court costs, charges or fines.

3. An adult treatment court may be established by any circuit court [under sections 478.001 to 478.009] to provide an alternative for the judicial system to dispose of cases which stem from substance use.

4. [Under sections 478.001 to 478.009,] A DWI court may be established by any circuit court to provide an alternative for the judicial system to dispose of cases that stem from driving while intoxicated.

5. A family treatment court may be established by any circuit court. The juvenile division of the circuit court or the family court, if one is established under section 487.010, may refer one or more parents or other household members subject to its jurisdiction to the family treatment court if he or she has been determined to have a substance use disorder or co-occurring disorder that impacts the safety and well-being of the children in the family.

6. A juvenile treatment court may be established by the juvenile division of any circuit court. The juvenile division may refer a juvenile to the juvenile treatment court if the juvenile is determined to have committed acts that violate the criminal laws of the state or ordinances of a municipality or county and a substance use disorder or co-occurring disorder contributed to the commission of the offense.

7. The general assembly finds and declares that it is the public policy of this state to encourage and provide an alternative method for the disposal of cases for military veterans and current military personnel with substance use disorders, mental health disorders, or co-occurring disorders. In order to effectuate this public policy, a veterans treatment court may be established by any circuit court, or combination of circuit courts upon agreement of the presiding judges of such circuit courts, to provide an alternative for the judicial system to dispose of cases that stem from a substance use disorder, mental health disorder, or co-occurring disorder of military veterans or current military personnel. A veterans treatment court shall combine judicial supervision, drug or alcohol testing, and substance use and mental health disorder treatment to participants who have served or are currently serving the United States Armed Forces, including members of the Reserves or National Guard, with preference given to individuals who have combat service. For the purposes of this section, combat service shall be shown through military service documentation that reflects service in a combat theater, receipt of combat service medals, or receipt of imminent danger or hostile fire pay or tax benefits. Except for good cause found by the court, a veterans treatment court shall make a referral for substance use or mental health disorder treatment, or a combination of substance use and mental health disorder treatment, through the Department of Defense health care, the Veterans Administration, or a community-based substance use disorder treatment program. Community-based programs utilized shall receive state or federal funds in connection with such referral and shall only refer the individual to a program certified by the department of mental health, unless

no appropriate certified treatment program is located within the same circuit as the veterans treatment court.

8. A mental health court may be established by any circuit court to provide an alternative for the judicial system to dispose of cases that stem from a mental health disorder or co-occurring disorder.”; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 5

Amend House Committee Substitute for Senate Bill No. 736, Page 102, Section 442.210, Line 38, by inserting after all of said section and line the following:

“488.040. [1.] Each grand and petit juror shall], pursuant to the provisions of section 494.455, receive six dollars per day for every day he or she may actually serve as such and seven cents for every mile he or she may necessarily travel going from his or her place of residence to the courthouse and returning, to be paid from funds of the county or a city not within a county.

2. Provided that a county or a city not within a county authorizes daily compensation payable from county or city funds for jurors who serve in that county pursuant to subsection 3 of this section in the amount of at least six dollars per day in addition to the amount required by subsection 1 of this section, a person shall receive an additional six dollars per day, pursuant to the provisions of section 494.455, to be reimbursed by the state of Missouri so that the total compensation payable shall be at least eighteen dollars, plus mileage as indicated in subsection 1 of this section, for each day that the person actually serves as a petit juror in a particular case; or for each day that a person actually serves as a grand juror during a term of a grand jury. The state shall reimburse the county for six dollars of the additional juror compensation provided by this subsection.

3. The governing body of each county or a city not within a county may authorize additional daily compensation and mileage allowance for jurors, which additional compensation shall be paid from the funds of the county or a city not within a county. The governing body of each county or a city not within a county may authorize additional daily compensation and mileage allowance for jurors attending a coroner's inquest. Jurors may receive the additional compensation and mileage allowance authorized by this subsection only if the governing body of the county or the city not within a county authorizes the additional compensation. The provisions of this subsection authorizing additional compensation shall terminate upon the issuance of a mandate by the Missouri supreme court which results in the state of Missouri being obligated or required to pay any such additional compensation even if such additional compensation is formally approved or authorized by the governing body of a county or a city not within a county.

4. When each panel of jurors summoned and attending court has completed its service, the board of jury commissioners shall cause to be submitted to the governing body of the county or a city not within a county a statement of fees earned by each juror. Within thirty days of the submission of the statement of fees, the governing body shall cause payment to be made to those jurors summoned the fees earned during their service as jurors] **receive daily compensation and mileage allowance in the amount provided by law under section 494.455.**

494.455. 1. [Each county or city not within a county may elect to compensate its jurors pursuant to subsection 2 of this section except as otherwise provided in subsection 3 of this section.

2.] Each grand and petit juror shall receive a **minimum of six dollars per day**, for every day [he or she] **the juror** may actually serve as [such] **a juror**, and [seven cents] **the mileage rate as provided by law for state employees** for every mile [he or she] **the juror** may necessarily travel going from [his or her] **the juror's** place of residence to the courthouse and returning, to be paid from funds of the county or a city not within a county. **Each county or city not within a county may elect to compensate its jurors under subsection 2 of this section, except as otherwise provided in subsection 3 of this section.**

2. The governing body of each county or a city not within a county may authorize additional daily compensation and mileage allowance for jurors, which additional compensation shall be paid from the funds of the county or a city not within a county. The governing body of each county or a city not within a county may authorize additional daily compensation and mileage allowance for jurors attending a coroner's inquest. Jurors may receive the additional compensation and mileage allowance authorized by this subsection only if the governing body of the county or the city not within a county authorizes the additional compensation. The provisions of this subsection authorizing additional compensation shall terminate upon the issuance of a mandate by the Missouri supreme court which results in the state of Missouri being obligated or required to pay any such additional compensation even if such additional compensation is formally approved or authorized by the governing body of a county or a city not within a county. Provided that a county or a city not within a county authorizes daily compensation payable from county or city funds for jurors who serve in that county pursuant to this subsection in the amount of at least six dollars per day in addition to the amount required by this subsection, a person shall receive an additional six dollars per day to be reimbursed by the state of Missouri so that the total compensation payable shall be at least eighteen dollars, plus mileage for each day that the person actually serves as a petit juror in a particular case; or for each day that a person actually serves as a grand juror during a term of a grand jury. The state shall reimburse the county for six dollars of the additional juror compensation provided by this subsection.

3. [In any county of the first classification without a charter form of government and with a population of at least two hundred thousand inhabitants, no grand or petit juror shall receive compensation for the first two days of service, but shall receive fifty dollars per day for the third day and each subsequent day he or she may actually serve as such, and seven cents for every mile he or she may necessarily travel going from his or her place of residence to the courthouse and returning, to be paid from funds of the county.] **Notwithstanding the provisions of subsection 1 or 2 of this section, by a majority vote, the court en banc of a judicial circuit may adopt a system for juror compensation in a city not within a county or a county within the circuit, as follows: each grand or petit juror shall receive fifty dollars per day for the third day the juror may actually serve as a juror and for each subsequent day of actual service, and the mileage rate as provided by law for state employees for every mile the juror may necessarily travel from the juror's place of residence to the courthouse and returning, to be paid from funds of the county or a city not within a county; provided that, no grand or petit juror shall receive compensation for the first two days the juror may actually serve as such.**

4. When each panel of jurors summoned and attending court has completed its service, the board of jury commissioners shall cause to be submitted to the governing body of the county or a city not within a county a statement of fees earned by each juror. Within thirty days of the submission of the statement of

fees, the governing body shall cause payment to be made to those jurors summoned the fees earned during their service as jurors.”; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

In which concurrence of the Senate is respectfully requested.

Also,

Mr. President: I am instructed by the House of Representatives to inform the Senate that the House has taken up and passed **SS** for **SB 748**.

Bill ordered enrolled.

Also,

Mr. President: I am instructed by the House of Representatives to inform the Senate that the House has taken up and passed **HS** for **HCS** for **SB 1363**, entitled:

An Act to repeal sections 50.800 and 50.810, RSMo, and section 50.327 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 50.327 as enacted by house bill no. 271 merged with senate bills nos. 53 & 60, one hundred first general assembly, first regular session, section 50.815 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 50.815 as enacted by house bill no. 669, seventy-seventh general assembly, first regular session, section 50.820 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 50.820 as enacted by house bill no. 669, seventy-seventh general assembly, first regular session, section 55.160 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 55.160 as enacted by house bill no. 58 merged with senate bill no. 210 merged with senate bill no. 507, ninety-third general assembly, first regular session, section 57.317 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 57.317 as enacted by senate bills nos. 53 & 60, one hundred first general assembly, first regular session, section 58.095 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 58.095 as enacted by house bill no. 2046, one hundredth general assembly, second regular session, section 58.200 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 58.200 as codified as section 13145 in the 1939 revised statutes of Missouri, section 67.457 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 67.457 as enacted by house bill no. 175 merged with house bill no. 1035 merged with senate bill no. 248, ninety-seventh general assembly, first regular session, section 67.461 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 67.461 as enacted by house bill no. 87, eighty-eighth general assembly, first regular session, section 67.1421 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 67.1421 as enacted by senate bills nos. 153 & 97, one hundred first general assembly, first regular session, section 67.1431 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 67.1431 as enacted by house bill no. 1636, eighty-ninth general assembly, second regular session, section 67.1471 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 67.1471 as enacted by senate bills nos. 153 & 97, one hundred first general assembly, first regular session, section 99.825 as enacted by house bill no. 1606, one hundred first general assembly, second regular

session, section 99.825 as enacted by house bill nos. 1434 & 1600, ninety-eighth general assembly, second regular session, section 99.830 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 99.830 as enacted by senate bill no. 1, eighty-ninth general assembly, second extraordinary session, section 99.865 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 99.865 as enacted by house bill nos. 1434 & 1600, ninety-eighth general assembly, second regular session, section 105.145 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 105.145 as enacted by senate bill no. 112, ninety-ninth general assembly, first regular session, section 140.170 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 140.170 as enacted by house bill no. 613, ninety-eighth general assembly, first regular session, section 140.190 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 140.190 as enacted by house bill no. 821, one hundredth general assembly, first regular session, section 238.212 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 238.212 as enacted by house bill no. 191, ninety-fifth general assembly, first regular session, section 238.222 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 238.222 as enacted by house bill no. 1418, ninety-eighth general assembly, second regular session, section 304.022 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, section 304.022 as enacted by senate bill no. 26 merged with senate bills nos. 53 & 60, one hundred first general assembly, first regular session, section 473.742 as enacted by house bill no. 1606, one hundred first general assembly, second regular session, and section 473.742 as enacted by senate bill no. 808, ninety-fifth general assembly, second regular session, and to enact in lieu thereof twenty-two new sections relating to political subdivisions, with penalty provisions.

With House Amendment No. 1, House Amendment No. 2, House Amendment No. 1 to House Amendment No. 3, House Amendment No. 3, as amended, and House Amendment No. 4.

HOUSE AMENDMENT NO. 1

Amend House Substitute for House Committee Substitute for Senate Bill No. 1363, Page 35, Section 67.1471, Line 24, by inserting after said section and line the following:

"67.2800. 1. Sections 67.2800 to 67.2840 shall be known and may be cited as the "Property Assessment Clean Energy Act".

2. As used in sections 67.2800 to 67.2840, the following words and terms shall mean:

(1) "Assessment contract", a contract entered into between a clean energy development board and a property owner under which the property owner agrees to pay an annual assessment for a period of up to [twenty] **thirty** years not to exceed the weighted average useful life of the qualified improvements in exchange for financing of an energy efficiency improvement or a renewable energy improvement;

(2) "Authority", the state environmental improvement and energy resources authority established under section 260.010;

(3) "Bond", any bond, note, or similar instrument issued by or on behalf of a clean energy development board;

(4) "Clean energy conduit financing", the financing of energy efficiency improvements or renewable energy improvements for a single parcel of property or a unified development consisting of multiple adjoining parcels of property under section 67.2825;

(5) "Clean energy development board", a board formed by one or more municipalities under section 67.2810;

(6) "Director", the director of the division of finance within the department of commerce and insurance;

(7) "Division", the division of finance within the department of commerce and insurance;

(8) "Energy efficiency improvement", any acquisition, installation, or modification on or of publicly or privately owned property designed to reduce the energy consumption of such property, including but not limited to:

(a) Insulation in walls, roofs, attics, floors, foundations, and heating and cooling distribution systems;

(b) Storm windows and doors, multiglazed windows and doors, heat-absorbing or heat-reflective windows and doors, and other window and door improvements designed to reduce energy consumption;

(c) Automatic energy control systems;

(d) Heating, ventilating, or air conditioning distribution system modifications and replacements;

(e) Caulking and weatherstripping;

(f) Replacement or modification of lighting fixtures to increase energy efficiency of the lighting system without increasing the overall illumination of the building unless the increase in illumination is necessary to conform to applicable state or local building codes;

(g) Energy recovery systems; [and]

(h) Daylighting systems; **and**

(i) Water infrastructure projects;

(9) "Municipality", any county, city, or incorporated town or village of this state;

(10) "Program administrator", an individual or entity selected by the clean energy development board to administer the PACE program, but this term does not include an employee of a county or municipal government assigned to a clean energy development board or a public employee employed by a clean energy development board who is paid from appropriated general tax revenues;

(11) "Project", any energy efficiency improvement or renewable energy improvement;

(12) "Property assessed clean energy local finance fund", a fund that may be established by the authority for the purpose of making loans to clean energy development boards to establish and maintain property assessed clean energy programs;

(13) "Property assessed clean energy program" or "PACE program", a program established by a clean energy development board to finance energy efficiency improvements or renewable energy improvements under section 67.2820;

(14) "Renewable energy improvement", any acquisition and installation of a fixture, product, system, device, or combination thereof on publicly or privately owned property that produces energy from renewable resources, including, but not limited to photovoltaic systems, solar thermal systems, wind systems, biomass systems, or geothermal systems.

3. All projects undertaken under sections 67.2800 to 67.2840 are subject to the applicable municipality's ordinances and regulations, including but not limited to those ordinances and regulations concerning zoning, subdivision, building, fire safety, and historic or architectural review.

4. Sections 67.2800 to 67.2840 shall not apply to any assessment contract, project, or PACE program entered into, undertaken, or established for any residential property.

67.2810. 1. One or more municipalities may form clean energy development boards for the purpose of exercising the powers described in sections 67.2800 to 67.2840. Each clean energy development board shall consist of not less than three members, as set forth in the ordinance or order establishing the clean energy development board. Members shall serve terms as set forth in the ordinance or order establishing the clean energy development board and shall be appointed:

(1) If only one municipality is participating in the clean energy development board, by the chief elected officer of the municipality with the consent of the governing body of the municipality; or

(2) If more than one municipality is participating, in a manner agreed to by all participating municipalities.

2. A clean energy development board shall be a political subdivision of the state and shall have all powers necessary and convenient to carry out and effectuate the provisions of sections 67.2800 to 67.2840, including but not limited to the following:

(1) To adopt, amend, and repeal bylaws, which are not inconsistent with sections 67.2800 to 67.2840;

(2) To adopt an official seal;

(3) To sue and be sued;

(4) To make and enter into contracts and other instruments with public and private entities;

(5) To accept grants, guarantees, and donations of property, labor, services, and other things of value from any public or private source, **including the acquisition of loans or assessment contracts from other states or their municipalities and political subdivisions to serve a common purpose of providing financing support or credit enhancement for any project;**

(6) To employ or contract for such managerial, legal, technical, clerical, accounting, or other assistance it deems advisable;

(7) To levy and collect special assessments under an assessment contract with a property owner and to record such special assessments as a lien on the property;

(8) To borrow money from any public or private source and issue bonds and provide security for the repayment of the same;

(9) To finance a project under an assessment contract;

(10) To collect reasonable fees and charges in connection with making and servicing assessment contracts and in connection with any technical, consultative, or project assistance services offered;

(11) To invest any funds not required for immediate disbursement in obligations of the state of Missouri or of the United States or any agency or instrumentality thereof, or in bank certificates of deposit; provided, however, the limitations on investments provided in this subdivision shall not apply to proceeds acquired from the sale of bonds which are held by a corporate trustee; and

(12) To take whatever actions necessary to participate in and administer a clean energy conduit financing or a property assessed clean energy program.

3. No later than July first of each year, the clean energy development board shall file with each municipality that participated in the formation of the clean energy development board and with the director of the department of natural resources an annual report for the preceding calendar year that includes:

(1) A brief description of each project financed by the clean energy development board during the preceding calendar year, which shall include the physical address of the property, the name or names of the property owner, an itemized list of the costs of the project, and the name of any contractors used to complete the project;

(2) The amount of assessments due and the amount collected during the preceding calendar year;

(3) The amount of clean energy development board administrative costs incurred during the preceding calendar year;

(4) The estimated cumulative energy savings resulting from all energy efficiency improvements financed during the preceding calendar year; and

(5) The estimated cumulative energy produced by all renewable energy improvements financed during the preceding calendar year.

4. No lawsuit to set aside the formation of a clean energy development board or to otherwise question the proceedings related thereto shall be brought after the expiration of sixty days from the effective date of the ordinance or order creating the clean energy development board. No lawsuit to set aside the approval of a project, an assessment contract, or a special assessment levied by a clean energy development board, or to otherwise question the proceedings related thereto shall be brought after the expiration of sixty days from the date that the assessment contract is executed.

67.2815. 1. A clean energy development board shall not enter into an assessment contract or levy or collect a special assessment for a project without making a finding that there are sufficient resources to complete the project and that the estimated economic benefit expected from the project during the financing period is equal to or greater than the cost of the project.

2. An assessment contract shall be executed by the clean energy development board and the benefitted property owner or property owners and shall provide:

(1) A description of the project, including the estimated cost of the project and details on how the project will either reduce energy consumption or create energy from renewable sources;

(2) A mechanism for:

(a) Verifying the final costs of the project upon its completion; and

(b) Ensuring that any amounts advanced or otherwise paid by the clean energy development board toward costs of the project will not exceed the final cost of the project;

(3) An acknowledgment by the property owner that the property owner has received or will receive a special benefit by financing a project through the clean energy development board that equals or exceeds the total assessments due under the assessment contract;

(4) An agreement by the property owner to pay annual special assessments for a period not to exceed [twenty] **thirty** years, as specified in the assessment contract;

(5) A statement that the obligations set forth in the assessment contract, including the obligation to pay annual special assessments, are a covenant that shall run with the land and be obligations upon future owners of such property; and

(6) An acknowledgment that no subdivision of property subject to the assessment contract shall be valid unless the assessment contract or an amendment thereof divides the total annual special assessment due between the newly subdivided parcels pro rata to the special benefit realized by each subdivided parcel.

3. The total special assessments levied against a property under an assessment contract shall not exceed the sum of the cost of the project, including any required energy audits and inspections, or portion thereof financed through the participation in a property assessed clean energy program or clean energy conduit financing, including the costs of any audits or inspections required by the clean energy development board, plus such administration fees, interest, and other financing costs reasonably required by the clean energy development board.

4. The clean energy development board shall provide a copy of each signed assessment contract to the local assessor and collector for the county, or city not within a county, and shall cause a copy of such assessment contract to be recorded in the real estate records of the recorder of deeds for the county, or city not within a county.

5. Special assessments agreed to under an assessment contract shall be a lien on the property against which it is assessed on behalf of the applicable clean energy development board from the date that each annual assessment under the assessment contract becomes due. Such special assessments shall be collected by the collector for the county, or city not within a county, in the same manner and with the same priority as ad valorem real property taxes[, subject to the provisions of subsection 8 of this section]. Once collected, the collector for the county, or city not within a county, shall pay over such special assessment revenues to the clean energy development board in the same manner in which revenues from ad valorem real property taxes are paid to other taxing districts. Such special assessments shall be collected as provided in this subsection from all subsequent property owners, including the state and all political subdivisions thereof, for the term of the assessment contract.

6. Any clean energy development board that contracts for outside administrative services to provide financing origination for a project shall offer the right of first refusal to enter into such a contract to a federally insured depository institution with a physical presence in Missouri upon the same terms and conditions as would otherwise be approved by the clean energy development board. Such right of first refusal shall not be applicable to the origination of any transaction that involves the issuance of bonds by the clean energy development board.

7. **Except as otherwise provided in section 67.2840**, sections 67.2816, 67.2817, 67.2818, and 67.2819 shall apply only to PACE programs for projects to improve residential properties of four or fewer units. Notwithstanding any provision of law to the contrary, any clean energy development board formed to improve commercial properties, properties owned by nonprofit or not-for-profit entities, governmental properties, or nonresidential properties in excess of four residential units shall be exempt from the provisions of sections 67.2816, 67.2817, 67.2818, and 67.2819, nor shall such sections apply to the commercial PACE programs and commercial PACE assessment contracts of any clean energy development board engaged in both commercial and residential property programs. Notwithstanding any provision of law to the contrary, any clean energy development board that ceases to finance new projects to improve residential properties of four or fewer units before January 1, 2022, shall be exempt from the provisions of sections 67.2816, 67.2817, 67.2818, and 67.2819.

67.2817. 1. Notwithstanding any other contractual agreement to the contrary, each assessment contract shall be reviewed, approved, and executed by the clean energy development board and these duties shall not be delegated. Any attempted delegations of these duties shall be void.

2. An assessment contract shall not be approved, executed, submitted, or otherwise presented for recording unless a clean energy development board verifies that the following criteria are satisfied:

(1) The PACE assessments are assessed in equal annual installments;

(2) The PACE assessment may be paid in full at any time without prepayment penalty. The pay-off letter shall specify the amount of any fee or charge by a lender or loan service agent to obtain the total balance due. The release of the assessment shall be recorded within thirty days of the receipt of the amounts identified in the pay-off letter;

(3) The assessment contract shall disclose applicable penalties, interest penalties, or late fees under the contract and describe generally the interest and penalties imposed under chapter 140 relating to the collection of delinquent property taxes;

(4) The clean energy development board shall provide a separate statement to the owner of the residential property of the penalties or late fees authorized under the assessment contract and of the penalties and interest penalties under chapter 140 for the applicable tax collector as of the date of the assessment contract;

(5) The clean energy development board has confirmed that the property owner is current on property taxes for the project property;

(6) The property that shall be subject to the assessment contract has no recorded and outstanding involuntary liens in excess of one thousand dollars;

(7) The property owner shall not currently be a party to any bankruptcy proceeding where any existing lien holder of the property is named as a creditor;

(8) The term of the assessment contract shall not exceed the weighted average useful life of the qualified improvements to which the greatest portion of funds disbursed under the assessment contract is attributable, not to exceed [twenty] **thirty** years. The clean energy development board shall determine useful life for purposes of this subdivision based upon credible third-party standards or certification criteria that have been established by appropriate government agencies or nationally recognized standards and testing organizations;

(9) The property owner is current on all mortgage debt on the subject property and has no more than one late payment during the twelve months immediately preceding the application date on any mortgage debt; and

(10) The clean energy development board shall not enter into an assessment contract or levy or collect a special assessment for a project without making a finding that there are sufficient resources to complete the project and that the estimated economic benefit expected from the project during the financing period is equal to or greater than the cost of the project.

3. Any assessment contract for a project that, combined with any existing and outstanding indebtedness secured by the benefitted property, results in a loan-to-value ratio between eighty percent and ninety-seven percent of the true value in money, as determined by the assessor pursuant to chapter 137, plus ten percent of such amount, of the benefitted property prior to the project as determined by reference to the assessment records for tax purposes for the most recent completed assessment by the county, or city not within a county, shall include provision of an insurance policy providing coverage for any remaining cost of fulfilling the assessment contract, including any accumulated interest, in the event the property is foreclosed upon, if such product exists. Such insurance policy shall run with the land in the same manner as the other obligations set forth in the assessment contract.

4. The property owner executing the PACE assessment contract shall have a three-day right to cancel the qualifying improvements proposed for financing under the PACE assessment contract. The three-day right to cancel shall expire at midnight of the third business day after a property owner signs the assessment contract. The clean energy development board shall be required to provide a printed form that is presented to the property owner no later than the time of signing of the assessment contract detailing the property owner's right to cancel. An electronic form may be provided if the owner consents electronically to receiving an electronic form.

5. Prior to the execution of an assessment contract, the clean energy development board shall advise the property owner in writing that any delinquent assessment shall be a lien on the property subject to the assessment contract and that the obligations under the PACE assessment contract continue as an obligation against the improved property if the property owner sells or refinances the property and that a purchaser or lender may require that before the owner may sell or refinance the property that the owner may be required to pay the assessment contract in full.

6. Prior to the execution of an assessment contract, the clean energy development board shall advise the property owner in writing that if the property owner pays his or her property taxes and special assessments via a lender or loan servicer's escrow program, the special assessment will cause the owner's

monthly escrow requirements to increase and increase the owner's total monthly payment to the lender or the loan servicer. The clean energy development board shall further advise the property owner that if the special assessment results in an escrow shortage that the owner will be required to pay the shortage in a lump-sum payment or catch up the shortage over twelve months.

7. The clean energy development board, within three days of entering an assessment contract, shall provide any holder of a first mortgage loan a copy of the assessment contract and a statement that includes a brief description of the project, the cost of the project, the annual assessment that will be levied, and the number of annual assessments. Transmittal shall be by United States mail to the holder of the first mortgage loan of record.

8. The clean energy development board shall maintain a public website with current information about the PACE program as the board deems appropriate to inform consumers regarding the PACE program. The website shall list approved contractors for the PACE program. The website shall disclose the process for property owners or their successors to request information about the assessment contract, the status of the assessment contract, and for all questions including contract information to obtain a payoff amount for the release of an assessment contract.

9. The clean energy development board, its agents, contractor, or other third party shall not make any representation as to the income tax deductibility of an assessment.

67.2830. 1. A clean energy development board may issue bonds payable from special assessment revenues generated by assessment contracts and any other revenues pledged thereto. The bonds shall be authorized by resolution of the clean energy development board, shall bear such date or dates, and shall mature at such time or times as the resolution shall specify, provided that the term of any bonds issued for a clean energy conduit financing shall not exceed [twenty] **thirty** years. The bonds shall be in such denomination, bear interest at such rate, be in such form, be issued in such manner, be payable in such place or places, and be subject to redemption as such resolution may provide. Notwithstanding any provision to the contrary under this section, issuance of the bonds shall conform to the requirements of subsection 1 of section 108.170.

2. Any bonds issued under this section shall not constitute an indebtedness of the state or any municipality. Neither the state nor any municipality shall be liable on such bonds, and the form of such bonds shall contain a statement to such effect.

67.2840. 1. Sections 67.2816, 67.2817, 67.2818, and 67.2819 shall be effective and apply **only** to the residential PACE programs of clean energy development boards and participating municipalities [after] **from January 1, 2022, to August 28, 2024. Beginning August 28, 2024, all residential properties shall be exempt from the provisions of sections 67.2816 to 67.2819 and no assessment contract, project, or PACE program shall be entered into, undertaken, or established for any residential property.**

2. Sections 67.2816, 67.2817, 67.2818, and 67.2819 shall be effective and apply **only** to residential PACE assessment contracts entered into after January 1, 2022, **but before August 28, 2024.**"; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 2

Amend House Substitute for House Committee Substitute for Senate Bill No. 1363, Page 66, Section

473.742, Line 84, by inserting after said section and line the following:

"550.320. 1. As used in this section, the following terms shall mean:

(1) "Department", the department of corrections of the state of Missouri;

(2) "Jail reimbursement", a daily per diem paid by the state for the reimbursement of time spent in custody.

2. Notwithstanding any other provision of law to the contrary, whenever any person is sentenced to a term of imprisonment in a correctional center, the department shall reimburse the county or city not within a county for the days the person spent in custody at a per diem cost, subject to appropriation, but not to exceed thirty-seven dollars and fifty cents per day per offender. The jail reimbursement shall be subject to review and approval of the department. The state shall pay the costs when:

(1) A person is sentenced to a term of imprisonment as authorized by chapter 558;

(2) A person is sentenced pursuant to section 559.115;

(3) A person has his or her probation or parole revoked because the offender has, or allegedly has, violated any condition of the offender's probation or parole, and such probation or parole is a consequence of a violation of the law, or the offender is a fugitive from the state or otherwise held at the request of the department regardless of whether or not a warrant has been issued; or

(4) A person has a period of detention imposed pursuant to section 559.026.

3. When the final determination of any criminal prosecution shall be such as to render the state liable for costs under existing laws, it shall be the duty of the sheriff to certify to the clerk of the county or the chief executive officer of the city not within a county the total number of days any offender who was a party in such case remained in the jail. It shall then be the duty of the county clerk or the chief executive officer of the city not within the county to submit the total number of days spent in custody to the department. The county clerk or chief executive officer of the city not within the county may submit claims to the department, no later than two years from the date the claim became eligible for reimbursement.

4. The department shall determine if the expenses are eligible pursuant to the provisions of this chapter and remit any payment to the county or city not within a county when the expenses are determined to be eligible. The department shall establish, by rule, the process for submission of claims. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2024, shall be invalid and void."; and

Further amend said bill, Page 70, Section 50.810, Line 39, by inserting after said section and line the following:

"[221.105. 1. The governing body of any county and of any city not within a county shall fix the amount to be expended for the cost of incarceration of prisoners confined in jails or medium security institutions. The per diem cost of incarceration of these prisoners chargeable by the law to the state shall be determined, subject to the review and approval of the department of corrections.

2. When the final determination of any criminal prosecution shall be such as to render the state liable for costs under existing laws, it shall be the duty of the sheriff to certify to the clerk of the circuit court or court of common pleas in which the case was determined the total number of days any prisoner who was a party in such case remained in the county jail. It shall be the duty of the county commission to supply the cost per diem for county prisons to the clerk of the circuit court on the first day of each year, and thereafter whenever the amount may be changed. It shall then be the duty of the clerk of the court in which the case was determined to include in the bill of cost against the state all fees which are properly chargeable to the state. In any city not within a county it shall be the duty of the superintendent of any facility boarding prisoners to certify to the chief executive officer of such city not within a county the total number of days any prisoner who was a party in such case remained in such facility. It shall be the duty of the superintendents of such facilities to supply the cost per diem to the chief executive officer on the first day of each year, and thereafter whenever the amount may be changed. It shall be the duty of the chief executive officer to bill the state all fees for boarding such prisoners which are properly chargeable to the state. The chief executive may by notification to the department of corrections delegate such responsibility to another duly sworn official of such city not within a county. The clerk of the court of any city not within a county shall not include such fees in the bill of costs chargeable to the state. The department of corrections shall revise its criminal cost manual in accordance with this provision.

3. Except as provided under subsection 6 of section 217.718, the actual costs chargeable to the state, including those incurred for a prisoner who is incarcerated in the county jail because the prisoner's parole or probation has been revoked or because the prisoner has, or allegedly has, violated any condition of the prisoner's parole or probation, and such parole or probation is a consequence of a violation of a state statute, or the prisoner is a fugitive from the Missouri department of corrections or otherwise held at the request of the Missouri department of corrections regardless of whether or not a warrant has been issued shall be the actual cost of incarceration not to exceed:

(1) Until July 1, 1996, seventeen dollars per day per prisoner;

(2) On and after July 1, 1996, twenty dollars per day per prisoner;

(3) On and after July 1, 1997, up to thirty-seven dollars and fifty cents per day per prisoner, subject to appropriations.

4. The presiding judge of a judicial circuit may propose expenses to be reimbursable by the state on behalf of one or more of the counties in that circuit. Proposed reimbursable expenses may

include pretrial assessment and supervision strategies for defendants who are ultimately eligible for state incarceration. A county may not receive more than its share of the amount appropriated in the previous fiscal year, inclusive of expenses proposed by the presiding judge. Any county shall convey such proposal to the department, and any such proposal presented by a presiding judge shall include the documented agreement with the proposal by the county governing body, prosecuting attorney, at least one associate circuit judge, and the officer of the county responsible for custody or incarceration of prisoners of the county represented in the proposal. Any county that declines to convey a proposal to the department, pursuant to the provisions of this subsection, shall receive its per diem cost of incarceration for all prisoners chargeable to the state in accordance with the provisions of subsections 1, 2, and 3 of this section.]" and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 1 TO
HOUSE AMENDMENT NO. 3

Amend House Amendment No. 3 to House Substitute for House Committee Substitute for Senate Bill No. 1363, Page 13, Line 39, by inserting after said line the following:

"Further amend said bill, Page 53, Section 140.190, Line 36, by inserting after said section and line the following:

"143.121. 1. The Missouri adjusted gross income of a resident individual shall be the taxpayer's federal adjusted gross income subject to the modifications in this section.

2. There shall be added to the taxpayer's federal adjusted gross income:

(1) The amount of any federal income tax refund received for a prior year which resulted in a Missouri income tax benefit. The amount added pursuant to this subdivision shall not include any amount of a federal income tax refund attributable to a tax credit reducing a taxpayer's federal tax liability pursuant to Public Law 116-136 or 116-260, enacted by the 116th United States Congress, for the tax year beginning on or after January 1, 2020, and ending on or before December 31, 2020, and deducted from Missouri adjusted gross income pursuant to section 143.171. The amount added under this subdivision shall also not include any amount of a federal income tax refund attributable to a tax credit reducing a taxpayer's federal tax liability under any other federal law that provides direct economic impact payments to taxpayers to mitigate financial challenges related to the COVID-19 pandemic, and deducted from Missouri adjusted gross income under section 143.171;

(2) Interest on certain governmental obligations excluded from federal gross income by 26 U.S.C. Section 103 of the Internal Revenue Code, as amended. The previous sentence shall not apply to interest on obligations of the state of Missouri or any of its political subdivisions or authorities and shall not apply to the interest described in subdivision (1) of subsection 3 of this section. The amount added pursuant to this subdivision shall be reduced by the amounts applicable to such interest that would have been deductible in computing the taxable income of the taxpayer except only for the application of 26 U.S.C. Section 265 of the Internal Revenue Code, as amended. The reduction shall only be made if it is at least five hundred dollars;

(3) The amount of any deduction that is included in the computation of federal taxable income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended by the Job Creation and Worker Assistance Act of 2002 to the extent the amount deducted relates to property purchased on or after July 1, 2002, but before July 1, 2003, and to the extent the amount deducted exceeds the amount that would have been deductible pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code of 1986 as in effect on January 1, 2002;

(4) The amount of any deduction that is included in the computation of federal taxable income for net operating loss allowed by 26 U.S.C. Section 172 of the Internal Revenue Code of 1986, as amended, other than the deduction allowed by 26 U.S.C. Section 172(b)(1)(G) and 26 U.S.C. Section 172(i) of the Internal Revenue Code of 1986, as amended, for a net operating loss the taxpayer claims in the tax year in which the net operating loss occurred or carries forward for a period of more than twenty years and carries backward for more than two years. Any amount of net operating loss taken against federal taxable income but disallowed for Missouri income tax purposes pursuant to this subdivision after June 18, 2002, may be carried forward and taken against any income on the Missouri income tax return for a period of not more than twenty years from the year of the initial loss; and

(5) For nonresident individuals in all taxable years ending on or after December 31, 2006, the amount of any property taxes paid to another state or a political subdivision of another state for which a deduction was allowed on such nonresident's federal return in the taxable year unless such state, political subdivision of a state, or the District of Columbia allows a subtraction from income for property taxes paid to this state for purposes of calculating income for the income tax for such state, political subdivision of a state, or the District of Columbia;

(6) For all tax years beginning on or after January 1, 2018, any interest expense paid or accrued in a previous taxable year, but allowed as a deduction under 26 U.S.C. Section 163, as amended, in the current taxable year by reason of the carryforward of disallowed business interest provisions of 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C. Section 163(j), as amended, did not exist.

3. There shall be subtracted from the taxpayer's federal adjusted gross income the following amounts to the extent included in federal adjusted gross income:

(1) Interest received on deposits held at a federal reserve bank or interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentality of the United States to the extent exempt from Missouri income taxes pursuant to the laws of the United States. The amount subtracted pursuant to this subdivision shall be reduced by any interest on indebtedness incurred to carry the described obligations or securities and by any expenses incurred in the production of interest or dividend income described in this subdivision. The reduction in the previous sentence shall only apply to the extent that such expenses including amortizable bond premiums are deducted in determining the taxpayer's federal adjusted gross income or included in the taxpayer's Missouri itemized deduction. The reduction shall only be made if the expenses total at least five hundred dollars;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis to the taxpayer for Missouri income tax purposes than for federal income tax purposes on December 31, 1972, that does not exceed such difference in basis. If a gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to one-half of such portion of the gain;

(3) The amount necessary to prevent the taxation pursuant to this chapter of any annuity or other amount of income or gain which was properly included in income or gain and was taxed pursuant to the laws of Missouri for a taxable year prior to January 1, 1973, to the taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive the income or gain, or to a trust or estate from which the taxpayer received the income or gain;

(4) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the extent that the same are included in federal adjusted gross income;

(5) The amount of any state income tax refund for a prior year which was included in the federal adjusted gross income;

(6) The portion of capital gain specified in section 135.357 that would otherwise be included in federal adjusted gross income;

(7) The amount that would have been deducted in the computation of federal taxable income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as in effect on January 1, 2002, to the extent that amount relates to property purchased on or after July 1, 2002, but before July 1, 2003, and to the extent that amount exceeds the amount actually deducted pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended by the Job Creation and Worker Assistance Act of 2002;

(8) For all tax years beginning on or after January 1, 2005, the amount of any income received for military service while the taxpayer serves in a combat zone which is included in federal adjusted gross income and not otherwise excluded therefrom. As used in this section, "combat zone" means any area which the President of the United States by Executive Order designates as an area in which Armed Forces of the United States are or have engaged in combat. Service is performed in a combat zone only if performed on or after the date designated by the President by Executive Order as the date of the commencing of combat activities in such zone, and on or before the date designated by the President by Executive Order as the date of the termination of combatant activities in such zone;

(9) For all tax years ending on or after July 1, 2002, with respect to qualified property that is sold or otherwise disposed of during a taxable year by a taxpayer and for which an additional modification was made under subdivision (3) of subsection 2 of this section, the amount by which additional modification made under subdivision (3) of subsection 2 of this section on qualified property has not been recovered through the additional subtractions provided in subdivision (7) of this subsection;

(10) For all tax years beginning on or after January 1, 2014, the amount of any income received as payment from any program which provides compensation to agricultural producers who have suffered a loss as the result of a disaster or emergency, including the:

(a) Livestock Forage Disaster Program;

(b) Livestock Indemnity Program;

(c) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish;

- (d) Emergency Conservation Program;
- (e) Noninsured Crop Disaster Assistance Program;
- (f) Pasture, Rangeland, Forage Pilot Insurance Program;
- (g) Annual Forage Pilot Program;
- (h) Livestock Risk Protection Insurance Plan;
- (i) Livestock Gross Margin Insurance Plan;

(11) For all tax years beginning on or after January 1, 2018, any interest expense paid or accrued in the current taxable year, but not deducted as a result of the limitation imposed under 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C. Section 163(j), as amended, did not exist;

(12) One hundred percent of any retirement benefits received by any taxpayer as a result of the taxpayer's service in the Armed Forces of the United States, including reserve components and the National Guard of this state, as defined in 32 U.S.C. Sections 101(3) and 109, and any other military force organized under the laws of this state; and

(13) **For all tax years beginning on or after January 1, 2022**, one hundred percent of any federal, state, or local grant moneys received by the taxpayer if the grant money was disbursed for the express purpose of providing or expanding access to broadband internet to areas of the state deemed to be lacking such access.

4. There shall be added to or subtracted from the taxpayer's federal adjusted gross income the taxpayer's share of the Missouri fiduciary adjustment provided in section 143.351.

5. There shall be added to or subtracted from the taxpayer's federal adjusted gross income the modifications provided in section 143.411.

6. In addition to the modifications to a taxpayer's federal adjusted gross income in this section, to calculate Missouri adjusted gross income there shall be subtracted from the taxpayer's federal adjusted gross income any gain recognized pursuant to 26 U.S.C. Section 1033 of the Internal Revenue Code of 1986, as amended, arising from compulsory or involuntary conversion of property as a result of condemnation or the imminence thereof.

7. (1) As used in this subsection, "qualified health insurance premium" means the amount paid during the tax year by such taxpayer for any insurance policy primarily providing health care coverage for the taxpayer, the taxpayer's spouse, or the taxpayer's dependents.

(2) In addition to the subtractions in subsection 3 of this section, one hundred percent of the amount of qualified health insurance premiums shall be subtracted from the taxpayer's federal adjusted gross income to the extent the amount paid for such premiums is included in federal taxable income. The taxpayer shall provide the department of revenue with proof of the amount of qualified health insurance premiums paid.

8. (1) Beginning January 1, 2014, in addition to the subtractions provided in this section, one hundred percent of the cost incurred by a taxpayer for a home energy audit conducted by an entity certified by the department of natural resources under section 640.153 or the implementation of any energy efficiency recommendations made in such an audit shall be subtracted from the taxpayer's federal adjusted gross income to the extent the amount paid for any such activity is included in federal taxable income. The taxpayer shall provide the department of revenue with a summary of any recommendations made in a qualified home energy audit, the name and certification number of the qualified home energy auditor who conducted the audit, and proof of the amount paid for any activities under this subsection for which a deduction is claimed. The taxpayer shall also provide a copy of the summary of any recommendations made in a qualified home energy audit to the department of natural resources.

(2) At no time shall a deduction claimed under this subsection by an individual taxpayer or taxpayers filing combined returns exceed one thousand dollars per year for individual taxpayers or cumulatively exceed two thousand dollars per year for taxpayers filing combined returns.

(3) Any deduction claimed under this subsection shall be claimed for the tax year in which the qualified home energy audit was conducted or in which the implementation of the energy efficiency recommendations occurred. If implementation of the energy efficiency recommendations occurred during more than one year, the deduction may be claimed in more than one year, subject to the limitations provided under subdivision (2) of this subsection.

(4) A deduction shall not be claimed for any otherwise eligible activity under this subsection if such activity qualified for and received any rebate or other incentive through a state-sponsored energy program or through an electric corporation, gas corporation, electric cooperative, or municipally owned utility.

9. The provisions of subsection 8 of this section shall expire on December 31, 2020.

10. (1) As used in this subsection, the following terms mean:

(a) "Beginning farmer", a taxpayer who:

a. Has filed at least one but not more than ten Internal Revenue Service Schedule F (Form 1040) Profit or Loss From Farming forms since turning eighteen years of age;

b. Is approved for a beginning farmer loan through the USDA Farm Service Agency Beginning Farmer direct or guaranteed loan program;

c. Has a farming operation that is determined by the department of agriculture to be new production agriculture but is the principal operator of a farm and has substantial farming knowledge; or

d. Has been determined by the department of agriculture to be a qualified family member;

(b) "Farm owner", an individual who owns farmland and disposes of or relinquishes use of all or some portion of such farmland as follows:

a. A sale to a beginning farmer;

b. A lease or rental agreement not exceeding ten years with a beginning farmer; or

c. A crop-share arrangement not exceeding ten years with a beginning farmer;

(c) "Qualified family member", an individual who is related to a farm owner within the fourth degree by blood, marriage, or adoption and who is purchasing or leasing or is in a crop-share arrangement for land from all or a portion of such farm owner's farming operation.

(2) (a) In addition to all other subtractions authorized in this section, a taxpayer who is a farm owner who sells all or a portion of such farmland to a beginning farmer may subtract from such taxpayer's Missouri adjusted gross income an amount to the extent included in federal adjusted gross income as provided in this subdivision.

(b) Subject to the limitations in paragraph (c) of this subdivision, the amount that may be subtracted shall be equal to the portion of capital gains received from the sale of such farmland that such taxpayer receives in the tax year for which such taxpayer subtracts such capital gain.

(c) A taxpayer may subtract the following amounts and percentages per tax year in total capital gains received from the sale of such farmland under this subdivision:

- a. For the first two million dollars received, one hundred percent;
- b. For the next one million dollars received, eighty percent;
- c. For the next one million dollars received, sixty percent;
- d. For the next one million dollars received, forty percent; and
- e. For the next one million dollars received, twenty percent.

(d) The department of revenue shall prepare an annual report reviewing the costs and benefits and containing statistical information regarding the subtraction of capital gains authorized under this subdivision for the previous tax year including, but not limited to, the total amount of all capital gains subtracted and the number of taxpayers subtracting such capital gains. Such report shall be submitted before February first of each year to the committee on agriculture policy of the Missouri house of representatives and the committee on agriculture, food production and outdoor resources of the Missouri senate, or the successor committees.

(3) (a) In addition to all other subtractions authorized in this section, a taxpayer who is a farm owner who enters a lease or rental agreement for all or a portion of such farmland with a beginning farmer may subtract from such taxpayer's Missouri adjusted gross income an amount to the extent included in federal adjusted gross income as provided in this subdivision.

(b) Subject to the limitation in paragraph (c) of this subdivision, the amount that may be subtracted shall be equal to the portion of cash rent income received from the lease or rental of such farmland that such taxpayer receives in the tax year for which such taxpayer subtracts such income.

(c) No taxpayer shall subtract more than twenty-five thousand dollars per tax year in total cash rent income received from the lease or rental of such farmland under this subdivision.

(4) (a) In addition to all other subtractions authorized in this section, a taxpayer who is a farm owner who enters a crop-share arrangement on all or a portion of such farmland with a beginning farmer may subtract from such taxpayer's Missouri adjusted gross income an amount to the extent included in federal adjusted gross income as provided in this subdivision.

(b) Subject to the limitation in paragraph (c) of this subdivision, the amount that may be subtracted shall be equal to the portion of income received from the crop-share arrangement on such farmland that such taxpayer receives in the tax year for which such taxpayer subtracts such income.

(c) No taxpayer shall subtract more than twenty-five thousand dollars per tax year in total income received from the lease or rental of such farmland under this subdivision.

(5) The department of agriculture shall, by rule, establish a process to verify that a taxpayer is a beginning farmer for purposes of this section and shall provide verification to the beginning farmer and farm seller of such farmer's and seller's certification and qualification for the exemption provided in this subsection."; and"; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 3

Amend House Substitute for House Committee Substitute for Senate Bill No. 1363, Page 28, Section 67.1421, Line 4, by inserting after the word "district" the following:

", provided that if the proposed funding mechanism for the proposed district includes a sales tax, such ordinance shall be adopted by at least a two-thirds majority vote"; and

Further amend said bill and section, Page 31, Line 100, by inserting at the end of said line the following:

"Any ordinance or petition approved under this subsection that establishes a district for which the proposed funding mechanism for the proposed district includes a sales tax shall be by at least a two-thirds majority vote."; and

Further amend said bill, Page 35, Section 67.1471, Line 24, by inserting after said section and line the following:

"67.1521. 1. A district may levy by resolution one or more special assessments against real property within its boundaries, upon receipt of and in accordance with a petition signed by:

(1) Owners of real property collectively owning more than fifty percent by assessed value of real property within the boundaries of the district; and

(2) More than fifty percent per capita of the owners of all real property within the boundaries of the district.

2. The special assessment petition shall be in substantially the following form:

The _____ (insert name of district) Community Improvement District ("District") shall be authorized to levy special assessments against real property benefitted within the district for the purpose of providing revenue for _____ (insert general description of specific service and/or projects) in the district, such special assessments to be levied against each tract, lot or parcel of real property listed below within the district which receives special benefit as a result of such service and/or projects, the cost of which shall be allocated among this property by _____ (insert

method of allocation, e.g., per square foot of property, per square foot on each square foot of improvement, or by abutting foot of property abutting streets, roads, highways, parks or other improvements, or any other reasonable method) in an amount not to exceed _____ dollars per (insert unit of measure). Such authorization to levy the special assessment shall expire on _____ (insert date). The tracts of land located in the district which will receive special benefit from this service and/or projects are: _____ (list of properties by common addresses and legal descriptions).

3. The method for allocating such special assessments set forth in the petition may be any reasonable method which results in imposing assessments upon real property benefitted in relation to the benefit conferred upon each respective tract, lot or parcel of real property and the cost to provide such benefit.

4. By resolution of the board, the district may levy a special assessment rate lower than the rate ceiling set forth in the petition authorizing the special assessment and may increase such lowered special assessment rate to a level not exceeding the special assessment rate ceiling set forth in the petition without further approval of the real property owners; provided that a district imposing a special assessment pursuant to this section may not repeal or amend such special assessment or lower the rate of such special assessment if such repeal, amendment or lower rate will impair the district's ability to pay any liabilities that it has incurred, money that it has borrowed or obligations that it has issued.

5. Each special assessment which is due and owing shall constitute a perpetual lien against each tract, lot or parcel of property from which it is derived. Such lien may be foreclosed in the same manner as any other special assessment lien as provided in section 88.861. Notwithstanding the provisions of this subsection and section 67.1541 to the contrary, the county collector may, upon certification by the district for collection, add each special assessment to the annual real estate tax bill for the property and collect the assessment in the same manner the collector uses for real estate taxes. Any special assessment remaining unpaid on the first day of January annually is delinquent and enforcement of collection of the delinquent bill by the county collector shall be governed by the laws concerning delinquent and back taxes. The lien may be foreclosed in the same manner as a tax upon real property by land tax sale under chapter 140 or, if applicable to that county, chapter 141.

6. A separate fund or account shall be created by the district for each special assessment levied and each fund or account shall be identifiable by a suitable title. The proceeds of such assessments shall be credited to such fund or account. Such fund or account shall be used solely to pay the costs incurred in undertaking the specified service or project.

7. Upon completion of the specified service or project or both, the balance remaining in the fund or account established for such specified service or project or both shall be returned or credited against the amount of the original assessment of each parcel of property pro rata based on the method of assessment of such special assessment.

8. Any funds in a fund or account created pursuant to this section which are not needed for current expenditures may be invested by the board in accordance with applicable laws relating to the investment of funds of the city in which the district is located.

9. The authority of the district to levy special assessments shall be independent of the limitations and authorities of the municipality in which it is located; specifically, the provisions of section 88.812 shall not apply to any district.

10. Notwithstanding any other provision of this section to the contrary, all property owned by an entity that is exempt from taxation under 26 U.S.C. Section 501(c), as amended, shall be exempt from any property tax or special assessment levied by a district.

67.2677. 1. For purposes of sections 67.2675 to 67.2714, the following terms mean:

(1) "Cable operator", as defined in 47 U.S.C. Section 522(5);

(2) "Cable system", as defined in 47 U.S.C. Section 522(7);

(3) "Franchise", an initial authorization, or renewal of an authorization, issued by a franchising entity, regardless of whether the authorization is designated as a franchise, permit, license, resolution, contract, certificate, agreement, or otherwise, that authorizes the provision of video service and any affiliated or subsidiary agreements related to such authorization;

(4) "Franchise area", the total geographic area authorized to be served by an incumbent cable operator in a political subdivision as of August 28, 2007, or, in the case of an incumbent local exchange carrier, as such term is defined in 47 U.S.C. Section 251(h), or affiliate thereof, the area within such political subdivision in which such carrier provides telephone exchange service;

(5) "Franchise entity", a political subdivision that was entitled to require franchises and impose fees on cable operators on the day before the effective date of sections 67.2675 to 67.2714, provided that only one political subdivision may be a franchise entity with regard to a geographic area;

(6) (a) "Gross revenues", limited to amounts billed to video service subscribers for the following:

a. Recurring charges for video service; and

b. Event-based charges for video service, including but not limited to pay-per-view and video-on-demand charges;

(b) "Gross revenues" do not include:

a. Discounts, refunds, and other price adjustments that reduce the amount of compensation received by an entity holding a video service authorization;

b. Uncollectibles;

c. Late payment fees;

d. Amounts billed to video service subscribers to recover taxes, fees, or surcharges imposed on video service subscribers or video service providers in connection with the provision of video services, including the video service provider fee authorized by this section;

e. Fees or other contributions for PEG or I-Net support;

f. Charges for services other than video service that are aggregated or bundled with amounts billed to video service subscribers, if the entity holding a video service authorization reasonably can identify such charges on books and records kept in the regular course of business or by other reasonable means;

g. Rental of set top boxes, modems, or other equipment used to provide or facilitate the provision of video service;

h. Service charges related to the provision of video service including, but not limited to, activation, installation, repair, and maintenance charges;

i. Administrative charges related to the provision of video service including, but not limited to, service order and service termination charges; or

j. A pro rata portion of all revenue derived from advertising, less refunds, rebates, or discounts;

(c) Except with respect to the exclusion of the video service provider fee, gross revenues shall be computed in accordance with generally accepted accounting principles;

(7) "Household", an apartment, a house, a mobile home, or any other structure or part of a structure intended for residential occupancy as separate living quarters;

(8) "Incumbent cable operator", the cable service provider serving cable subscribers in a particular franchise area on September 1, 2007;

(9) "Low-income household", a household with an average annual household income of less than thirty-five thousand dollars;

(10) "Person", an individual, partnership, association, organization, corporation, trust, or government entity;

(11) "Political subdivision", a city, town, village, county;

(12) "Public right-of-way", the area of real property in which a political subdivision has a dedicated or acquired right-of-way interest in the real property, including the area on, below, or above the present and future streets, alleys, avenues, roads, highways, parkways, or boulevards dedicated or acquired as right-of-way and utility easements dedicated for compatible uses. The term does not include the airwaves above a right-of-way with regard to wireless telecommunications or other nonwire telecommunications or broadcast service;

(13) "Video programming", programming provided by, or generally considered comparable to programming provided by, a television broadcast station, as set forth in 47 U.S.C. Section 522(20);

(14) "Video service", the provision, **by a video service provider**, of video programming provided through wireline facilities located at least in part in the public right-of-way without regard to delivery technology, including internet protocol technology whether provided as part of a tier, on demand, or a per-channel basis. This definition includes cable service as defined by 47 U.S.C. Section 522(6), but does not include any video programming provided by a commercial mobile service provider defined in 47 U.S.C. Section 332(d), or any video programming [provided solely as part of and] **accessed** via a service that enables users to access content, information, electronic mail, or other services offered over the [public] internet, **including streaming content**;

(15) "Video service authorization", the right of a video service provider or an incumbent cable operator that secures permission from the public service commission pursuant to sections 67.2675 to 67.2714, to offer video service to subscribers in a political subdivision;

(16) "Video service network", wireline facilities, or any component thereof, located at least in part in the public right-of-way that deliver video service, without regard to delivery technology, including internet protocol technology or any successor technology. The term video service network shall include cable systems;

(17) "Video service provider", any person that distributes video service through a video service network pursuant to a video service authorization;

(18) "Video service provider fee", the fee imposed under section 67.2689.

2. [The repeal and reenactment of] This section shall [become] **remain** effective **after** August 28, 2023."; and

Further amend said bill, Page 49, Section 105.145, Line 88, by inserting after said section and line the following:

"137.067. Notwithstanding any provision of law to the contrary, any ballot measure seeking approval to add, change, or modify a tax on real property shall express the effect of the proposed change within the ballot language in terms of the change in real dollars owed per one hundred thousand dollars of a property's market valuation.

137.073. 1. As used in this section, the following terms mean:

(1) "General reassessment", changes in value, entered in the assessor's books, of a substantial portion of the parcels of real property within a county resulting wholly or partly from reappraisal of value or other actions of the assessor or county equalization body or ordered by the state tax commission or any court;

(2) "Tax rate", "rate", or "rate of levy", singular or plural, includes the tax rate for each purpose of taxation of property a taxing authority is authorized to levy without a vote and any tax rate authorized by election, including bond interest and sinking fund;

(3) "Tax rate ceiling", a tax rate as revised by the taxing authority to comply with the provisions of this section or when a court has determined the tax rate; except that, other provisions of law to the contrary notwithstanding, a school district may levy the operating levy for school purposes required for the current year pursuant to subsection 2 of section 163.021, less all adjustments required pursuant to Article X, Section 22 of the Missouri Constitution, if such tax rate does not exceed the highest tax rate in effect subsequent to the 1980 tax year. This is the maximum tax rate that may be levied, unless a higher tax rate ceiling is approved by voters of the political subdivision as provided in this section;

(4) "Tax revenue", when referring to the previous year, means the actual receipts from ad valorem levies on all classes of property, including state-assessed property, in the immediately preceding fiscal year of the political subdivision, plus an allowance for taxes billed but not collected in the fiscal year and plus an additional allowance for the revenue which would have been collected from property which was annexed by such political subdivision but which was not previously used in determining tax revenue pursuant to this section. The term "tax revenue" shall not include any receipts from ad valorem levies on

any property of a railroad corporation or a public utility, as these terms are defined in section 386.020, which were assessed by the assessor of a county or city in the previous year but are assessed by the state tax commission in the current year. All school districts and those counties levying sales taxes pursuant to chapter 67 shall include in the calculation of tax revenue an amount equivalent to that by which they reduced property tax levies as a result of sales tax pursuant to section 67.505 and section 164.013 or as excess home dock city or county fees as provided in [subsection 4 of] section 313.820 in the immediately preceding fiscal year but not including any amount calculated to adjust for prior years. For purposes of political subdivisions which were authorized to levy a tax in the prior year but which did not levy such tax or levied a reduced rate, the term "tax revenue", as used in relation to the revision of tax levies mandated by law, shall mean the revenues equal to the amount that would have been available if the voluntary rate reduction had not been made.

2. Whenever changes in assessed valuation are entered in the assessor's books for any personal property, in the aggregate, or for any subclass of real property as such subclasses are established in Section 4(b) of Article X of the Missouri Constitution and defined in section 137.016, the county clerk in all counties and the assessor of St. Louis City shall notify each political subdivision wholly or partially within the county or St. Louis City of the change in valuation of each subclass of real property, individually, and personal property, in the aggregate, exclusive of new construction and improvements. All political subdivisions shall immediately revise the applicable rates of levy for each purpose for each subclass of real property, individually, and personal property, in the aggregate, for which taxes are levied to the extent necessary to produce from all taxable property, exclusive of new construction and improvements, substantially the same amount of tax revenue as was produced in the previous year for each subclass of real property, individually, and personal property, in the aggregate, except that the rate shall not exceed the greater of the most recent voter-approved rate or the most recent voter-approved rate as adjusted under subdivision (2) of subsection 5 of this section. Any political subdivision that has received approval from voters for a tax increase after August 27, 2008, may levy a rate to collect substantially the same amount of tax revenue as the amount of revenue that would have been derived by applying the voter-approved increased tax rate ceiling to the total assessed valuation of the political subdivision as most recently certified by the city or county clerk on or before the date of the election in which such increase is approved, increased by the percentage increase in the consumer price index, as provided by law, except that the rate shall not exceed the greater of the most recent voter-approved rate or the most recent voter-approved rate as adjusted under subdivision (2) of subsection 5 of this section. Such tax revenue shall not include any receipts from ad valorem levies on any real property which was assessed by the assessor of a county or city in such previous year but is assessed by the assessor of a county or city in the current year in a different subclass of real property. Where the taxing authority is a school district for the purposes of revising the applicable rates of levy for each subclass of real property, the tax revenues from state-assessed railroad and utility property shall be apportioned and attributed to each subclass of real property based on the percentage of the total assessed valuation of the county that each subclass of real property represents in the current taxable year. As provided in Section 22 of Article X of the constitution, a political subdivision may also revise each levy to allow for inflationary assessment growth occurring within the political subdivision. The inflationary growth factor for any such subclass of real property or personal property shall be limited to the actual assessment growth in such subclass or class, exclusive of new construction and improvements, and exclusive of the assessed value on any real property which was assessed by the assessor of a county or city in the current year in a different subclass of real property, but not to exceed

the consumer price index or five percent, whichever is lower. Should the tax revenue of a political subdivision from the various tax rates determined in this subsection be different than the tax revenue that would have been determined from a single tax rate as calculated pursuant to the method of calculation in this subsection prior to January 1, 2003, then the political subdivision shall revise the tax rates of those subclasses of real property, individually, and/or personal property, in the aggregate, in which there is a tax rate reduction, pursuant to the provisions of this subsection. Such revision shall yield an amount equal to such difference and shall be apportioned among such subclasses of real property, individually, and/or personal property, in the aggregate, based on the relative assessed valuation of the class or subclasses of property experiencing a tax rate reduction. Such revision in the tax rates of each class or subclass shall be made by computing the percentage of current year adjusted assessed valuation of each class or subclass with a tax rate reduction to the total current year adjusted assessed valuation of the class or subclasses with a tax rate reduction, multiplying the resulting percentages by the revenue difference between the single rate calculation and the calculations pursuant to this subsection and dividing by the respective adjusted current year assessed valuation of each class or subclass to determine the adjustment to the rate to be levied upon each class or subclass of property. The adjustment computed herein shall be multiplied by one hundred, rounded to four decimals in the manner provided in this subsection, and added to the initial rate computed for each class or subclass of property. For school districts that levy separate tax rates on each subclass of real property and personal property in the aggregate, if voters approved a ballot before January 1, 2011, that presented separate stated tax rates to be applied to the different subclasses of real property and personal property in the aggregate, or increases the separate rates that may be levied on the different subclasses of real property and personal property in the aggregate by different amounts, the tax rate that shall be used for the single tax rate calculation shall be a blended rate, calculated in the manner provided under subdivision (1) of subsection 6 of this section. Notwithstanding any provision of this subsection to the contrary, no revision to the rate of levy for personal property shall cause such levy to increase over the levy for personal property from the prior year.

3. (1) Where the taxing authority is a school district, it shall be required to revise the rates of levy to the extent necessary to produce from all taxable property, including state-assessed railroad and utility property, which shall be separately estimated in addition to other data required in complying with section 164.011, substantially the amount of tax revenue permitted in this section. In the year following tax rate reduction, the tax rate ceiling may be adjusted to offset such district's reduction in the apportionment of state school moneys due to its reduced tax rate. However, in the event any school district, in calculating a tax rate ceiling pursuant to this section, requiring the estimating of effects of state-assessed railroad and utility valuation or loss of state aid, discovers that the estimates used result in receipt of excess revenues, which would have required a lower rate if the actual information had been known, the school district shall reduce the tax rate ceiling in the following year to compensate for the excess receipts, and the recalculated rate shall become the tax rate ceiling for purposes of this section.

(2) For any political subdivision which experiences a reduction in the amount of assessed valuation relating to a prior year, due to decisions of the state tax commission or a court pursuant to sections 138.430 to 138.433, or due to clerical errors or corrections in the calculation or recordation of any assessed valuation:

(a) Such political subdivision may revise the tax rate ceiling for each purpose it levies taxes to compensate for the reduction in assessed value occurring after the political subdivision calculated the tax

rate ceiling for the particular subclass of real property or for personal property, in the aggregate, in a prior year. Such revision by the political subdivision shall be made at the time of the next calculation of the tax rate for the particular subclass of real property or for personal property, in the aggregate, after the reduction in assessed valuation has been determined and shall be calculated in a manner that results in the revised tax rate ceiling being the same as it would have been had the corrected or finalized assessment been available at the time of the prior calculation;

(b) In addition, for up to three years following the determination of the reduction in assessed valuation as a result of circumstances defined in this subdivision, such political subdivision may levy a tax rate for each purpose it levies taxes above the revised tax rate ceiling provided in paragraph (a) of this subdivision to recoup any revenues it was entitled to receive had the corrected or finalized assessment been available at the time of the prior calculation.

4. (1) In order to implement the provisions of this section and Section 22 of Article X of the Constitution of Missouri, the term improvements shall apply to both real and personal property. In order to determine the value of new construction and improvements, each county assessor shall maintain a record of real property valuations in such a manner as to identify each year the increase in valuation for each political subdivision in the county as a result of new construction and improvements. The value of new construction and improvements shall include the additional assessed value of all improvements or additions to real property which were begun after and were not part of the prior year's assessment, except that the additional assessed value of all improvements or additions to real property which had been totally or partially exempt from ad valorem taxes pursuant to sections 99.800 to 99.865, sections 135.200 to 135.255, and section 353.110 shall be included in the value of new construction and improvements when the property becomes totally or partially subject to assessment and payment of all ad valorem taxes. The aggregate increase in valuation of personal property for the current year over that of the previous year is the equivalent of the new construction and improvements factor for personal property. Notwithstanding any opt-out implemented pursuant to subsection 14 of section 137.115, the assessor shall certify the amount of new construction and improvements and the amount of assessed value on any real property which was assessed by the assessor of a county or city in such previous year but is assessed by the assessor of a county or city in the current year in a different subclass of real property separately for each of the three subclasses of real property for each political subdivision to the county clerk in order that political subdivisions shall have this information for the purpose of calculating tax rates pursuant to this section and Section 22, Article X, Constitution of Missouri. In addition, the state tax commission shall certify each year to each county clerk the increase in the general price level as measured by the Consumer Price Index for All Urban Consumers for the United States, or its successor publications, as defined and officially reported by the United States Department of Labor, or its successor agency. The state tax commission shall certify the increase in such index on the latest twelve-month basis available on February first of each year over the immediately preceding prior twelve-month period in order that political subdivisions shall have this information available in setting their tax rates according to law and Section 22 of Article X of the Constitution of Missouri. For purposes of implementing the provisions of this section and Section 22 of Article X of the Missouri Constitution, the term "property" means all taxable property, including state-assessed property.

(2) Each political subdivision required to revise rates of levy pursuant to this section or Section 22 of Article X of the Constitution of Missouri shall calculate each tax rate it is authorized to levy and, in

establishing each tax rate, shall consider each provision for tax rate revision provided in this section and Section 22 of Article X of the Constitution of Missouri, separately and without regard to annual tax rate reductions provided in section 67.505 and section 164.013. Each political subdivision shall set each tax rate it is authorized to levy using the calculation that produces the lowest tax rate ceiling. It is further the intent of the general assembly, pursuant to the authority of Section 10(c) of Article X of the Constitution of Missouri, that the provisions of such section be applicable to tax rate revisions mandated pursuant to Section 22 of Article X of the Constitution of Missouri as to reestablishing tax rates as revised in subsequent years, enforcement provisions, and other provisions not in conflict with Section 22 of Article X of the Constitution of Missouri. Annual tax rate reductions provided in section 67.505 and section 164.013 shall be applied to the tax rate as established pursuant to this section and Section 22 of Article X of the Constitution of Missouri, unless otherwise provided by law.

5. (1) In all political subdivisions, the tax rate ceiling established pursuant to this section shall not be increased unless approved by a vote of the people. Approval of the higher tax rate shall be by at least a majority of votes cast. When a proposed higher tax rate requires approval by more than a simple majority pursuant to any provision of law or the constitution, the tax rate increase must receive approval by at least the majority required.

(2) When voters approve an increase in the tax rate, the amount of the increase shall be added to the tax rate ceiling as calculated pursuant to this section to the extent the total rate does not exceed any maximum rate prescribed by law. If a ballot question presents a stated tax rate for approval rather than describing the amount of increase in the question, the stated tax rate approved shall be adjusted as provided in this section and, so adjusted, shall be the current tax rate ceiling. The increased tax rate ceiling as approved shall be adjusted such that when applied to the current total assessed valuation of the political subdivision, excluding new construction and improvements since the date of the election approving such increase, the revenue derived from the adjusted tax rate ceiling is equal to the sum of: the amount of revenue which would have been derived by applying the voter-approved increased tax rate ceiling to total assessed valuation of the political subdivision, as most recently certified by the city or county clerk on or before the date of the election in which such increase is approved, increased by the percentage increase in the consumer price index, as provided by law. Such adjusted tax rate ceiling may be applied to the total assessed valuation of the political subdivision at the setting of the next tax rate. If a ballot question presents a phased-in tax rate increase, upon voter approval, each tax rate increase shall be adjusted in the manner prescribed in this section to yield the sum of: the amount of revenue that would be derived by applying such voter-approved increased rate to the total assessed valuation, as most recently certified by the city or county clerk on or before the date of the election in which such increase was approved, increased by the percentage increase in the consumer price index, as provided by law, from the date of the election to the time of such increase and, so adjusted, shall be the current tax rate ceiling.

(3) The provisions of subdivision (2) of this subsection notwithstanding, if prior to the expiration of a temporary levy increase, voters approve a subsequent levy increase, the new tax rate ceiling shall remain in effect only until such time as the temporary levy expires under the terms originally approved by a vote of the people, at which time the tax rate ceiling shall be decreased by the amount of the temporary levy increase. If, prior to the expiration of a temporary levy increase, voters of a political subdivision are asked to approve an additional, permanent increase to the political

subdivision's tax rate ceiling, voters shall be submitted ballot language that clearly indicates that if the permanent levy increase is approved, the temporary levy shall be made permanent.

(4) The governing body of any political subdivision may levy a tax rate lower than its tax rate ceiling and may, in a nonreassessment year, increase that lowered tax rate to a level not exceeding the tax rate ceiling without voter approval in the manner provided under subdivision [(4)] (5) of this subsection. Nothing in this section shall be construed as prohibiting a political subdivision from voluntarily levying a tax rate lower than that which is required under the provisions of this section or from seeking voter approval of a reduction to such political subdivision's tax rate ceiling.

[(4)] (5) In a year of general reassessment, a governing body whose tax rate is lower than its tax rate ceiling shall revise its tax rate pursuant to the provisions of subsection 4 of this section as if its tax rate was at the tax rate ceiling. In a year following general reassessment, if such governing body intends to increase its tax rate, the governing body shall conduct a public hearing, and in a public meeting it shall adopt an ordinance, resolution, or policy statement justifying its action prior to setting and certifying its tax rate. The provisions of this subdivision shall not apply to any political subdivision which levies a tax rate lower than its tax rate ceiling solely due to a reduction required by law resulting from sales tax collections. The provisions of this subdivision shall not apply to any political subdivision which has received voter approval for an increase to its tax rate ceiling subsequent to setting its most recent tax rate.

(6) (a) As used in this subdivision, the following terms mean:

a. "Current tax rate ceiling", the tax rate ceiling in effect before the voters approve a higher tax rate;

b. "Increased tax rate ceiling", the new tax rate ceiling in effect after the voters approve a higher tax rate.

(b) Notwithstanding any other provision of law to the contrary, when the required majority of voters in a political subdivision passes an increase in the political subdivision's tax rate, the political subdivision shall use the current tax rate ceiling and the increase approved by the voters in establishing the rates of levy for the tax year immediately following the election.

(c) If the assessed valuation of real property in such political subdivision is reduced in such tax year immediately following the election, such political subdivision may raise its rates of levy so that the revenue received from its local real property tax rates equals the amount the political subdivision would have received from the increased rates of levy had there been no reduction in the assessed valuation of real property in the political subdivision.

(d) Using the increased tax rate ceiling shall be revenue neutral as required in Article X, Section 22 of the Constitution of Missouri.

6. (1) For the purposes of calculating state aid for public schools pursuant to section 163.031, each taxing authority which is a school district shall determine its proposed tax rate as a blended rate of the classes or subclasses of property. Such blended rate shall be calculated by first determining the total tax revenue of the property within the jurisdiction of the taxing authority, which amount shall be equal to the sum of the products of multiplying the assessed valuation of each class and subclass of property by the corresponding tax rate for such class or subclass, then dividing the total tax revenue by the total assessed

valuation of the same jurisdiction, and then multiplying the resulting quotient by a factor of one hundred. Where the taxing authority is a school district, such blended rate shall also be used by such school district for calculating revenue from state-assessed railroad and utility property as defined in chapter 151 and for apportioning the tax rate by purpose.

(2) Each taxing authority proposing to levy a tax rate in any year shall notify the clerk of the county commission in the county or counties where the tax rate applies of its tax rate ceiling and its proposed tax rate. Each taxing authority shall express its proposed tax rate in a fraction equal to the nearest one-tenth of a cent, unless its proposed tax rate is in excess of one dollar, then one/one-hundredth of a cent. If a taxing authority shall round to one/one-hundredth of a cent, it shall round up a fraction greater than or equal to five/one-thousandth of one cent to the next higher one/one-hundredth of a cent; if a taxing authority shall round to one-tenth of a cent, it shall round up a fraction greater than or equal to five/one-hundredths of a cent to the next higher one-tenth of a cent. Any taxing authority levying a property tax rate shall provide data, in such form as shall be prescribed by the state auditor by rule, substantiating such tax rate complies with Missouri law. All forms for the calculation of rates pursuant to this section shall be promulgated as a rule and shall not be incorporated by reference. The state auditor shall promulgate rules for any and all forms for the calculation of rates pursuant to this section which do not currently exist in rule form or that have been incorporated by reference. In addition, each taxing authority proposing to levy a tax rate for debt service shall provide data, in such form as shall be prescribed by the state auditor by rule, substantiating the tax rate for debt service complies with Missouri law. A tax rate proposed for annual debt service requirements will be prima facie valid if, after making the payment for which the tax was levied, bonds remain outstanding and the debt fund reserves do not exceed the following year's payments. The county clerk shall keep on file and available for public inspection all such information for a period of three years. The clerk shall, within three days of receipt, forward a copy of the notice of a taxing authority's tax rate ceiling and proposed tax rate and any substantiating data to the state auditor. The state auditor shall, within fifteen days of the date of receipt, examine such information and return to the county clerk his or her findings as to compliance of the tax rate ceiling with this section and as to compliance of any proposed tax rate for debt service with Missouri law. If the state auditor believes that a taxing authority's proposed tax rate does not comply with Missouri law, then the state auditor's findings shall include a recalculated tax rate, and the state auditor may request a taxing authority to submit documentation supporting such taxing authority's proposed tax rate. The county clerk shall immediately forward a copy of the auditor's findings to the taxing authority and shall file a copy of the findings with the information received from the taxing authority. The taxing authority shall have fifteen days from the date of receipt from the county clerk of the state auditor's findings and any request for supporting documentation to accept or reject in writing the rate change certified by the state auditor and to submit all requested information to the state auditor. A copy of the taxing authority's acceptance or rejection and any information submitted to the state auditor shall also be mailed to the county clerk. If a taxing authority rejects a rate change certified by the state auditor and the state auditor does not receive supporting information which justifies the taxing authority's original or any subsequent proposed tax rate, then the state auditor shall refer the perceived violations of such taxing authority to the attorney general's office and the attorney general is authorized to obtain injunctive relief to prevent the taxing authority from levying a violative tax rate.

(3) In the event that the taxing authority incorrectly completes the forms created and promulgated under subdivision (2) of this subsection, or makes a clerical error, the taxing authority may submit

amended forms with an explanation for the needed changes. If such amended forms are filed under regulations prescribed by the state auditor, the state auditor shall take into consideration such amended forms for the purposes of this subsection.

7. No tax rate shall be extended on the tax rolls by the county clerk unless the political subdivision has complied with the foregoing provisions of this section.

8. Whenever a taxpayer has cause to believe that a taxing authority has not complied with the provisions of this section, the taxpayer may make a formal complaint with the prosecuting attorney of the county. Where the prosecuting attorney fails to bring an action within ten days of the filing of the complaint, the taxpayer may bring a civil action pursuant to this section and institute an action as representative of a class of all taxpayers within a taxing authority if the class is so numerous that joinder of all members is impracticable, if there are questions of law or fact common to the class, if the claims or defenses of the representative parties are typical of the claims or defenses of the class, and if the representative parties will fairly and adequately protect the interests of the class. In any class action maintained pursuant to this section, the court may direct to the members of the class a notice to be published at least once each week for four consecutive weeks in a newspaper of general circulation published in the county where the civil action is commenced and in other counties within the jurisdiction of a taxing authority. The notice shall advise each member that the court will exclude him or her from the class if he or she so requests by a specified date, that the judgment, whether favorable or not, will include all members who do not request exclusion, and that any member who does not request exclusion may, if he or she desires, enter an appearance. In any class action brought pursuant to this section, the court, in addition to the relief requested, shall assess against the taxing authority found to be in violation of this section the reasonable costs of bringing the action, including reasonable attorney's fees, provided no attorney's fees shall be awarded any attorney or association of attorneys who receive public funds from any source for their services. Any action brought pursuant to this section shall be set for hearing as soon as practicable after the cause is at issue.

9. If in any action, including a class action, the court issues an order requiring a taxing authority to revise the tax rates as provided in this section or enjoins a taxing authority from the collection of a tax because of its failure to revise the rate of levy as provided in this section, any taxpayer paying his or her taxes when an improper rate is applied has erroneously paid his or her taxes in part, whether or not the taxes are paid under protest as provided in section 139.031 or otherwise contested. The part of the taxes paid erroneously is the difference in the amount produced by the original levy and the amount produced by the revised levy. The township or county collector of taxes or the collector of taxes in any city shall refund the amount of the tax erroneously paid. The taxing authority refusing to revise the rate of levy as provided in this section shall make available to the collector all funds necessary to make refunds pursuant to this subsection. No taxpayer shall receive any interest on any money erroneously paid by him or her pursuant to this subsection. Effective in the 1994 tax year, nothing in this section shall be construed to require a taxing authority to refund any tax erroneously paid prior to or during the third tax year preceding the current tax year.

10. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review,

to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2004, shall be invalid and void."; and

Further amend said bill, Page 58, Section 238.222, Line 39, by inserting after said section and line the following:

"238.225. 1. Before construction or funding of any project the district shall submit the proposed project to the commission for its prior approval, **and approval of such project shall be by at least a two-thirds majority vote if the funding mechanism of the project includes a sales tax.** If the commission by minute finds that the project will improve or is a necessary or desirable extension of the state highways and transportation system, the commission may preliminarily approve the project subject to the district providing plans and specifications for the proposed project and making any revisions in the plans and specifications required by the commission and the district and commission entering into a mutually satisfactory agreement regarding development and future maintenance of the project. After such preliminary approval, the district may impose and collect such taxes and assessments as may be included in the commission's preliminary approval. After the commission approves the final construction plans and specifications, the district shall obtain prior commission approval of any modification of such plans or specifications.

2. If the proposed project is not intended to be merged into the state highways and transportation system under the commission's jurisdiction, the district shall also submit the proposed project and proposed plans and specifications to the local transportation authority that will become the owner of the project for its prior approval **which shall be by at least a two-thirds majority vote if the funding mechanism of the project includes a sales tax.**

3. In those instances where a local transportation authority is required to approve a project and the commission determines that it has no direct interest in that project, the commission may decline to consider the project. Approval of the project shall then vest exclusively with the local transportation authority subject to the district making any revisions in the plans and specifications required by the local transportation authority and the district and the local transportation authority entering into a mutually satisfactory agreement regarding development and future maintenance of the project. After the local transportation authority approves the final construction plans and specifications, **by a two-thirds vote if the proposed project is to be funded by a sales tax,** the district shall obtain prior approval of the local transportation authority before modifying such plans or specifications.

4. Notwithstanding any provision of this section to the contrary, this section shall not apply to any district whose project is a public mass transportation system.

5. Notwithstanding any provision of this section to the contrary, nothing in this section shall affect a vote of the people pursuant to the provisions of section 238.230.

238.230. 1. If approved by:

(1) A majority of the qualified voters voting on the question in the district; or

(2) The owners of record of all of the real property located within the district who shall indicate their approval by signing a special assessment petition;

the district may make one or more special assessments for those project improvements which specially benefit the properties within the district. Improvements which may confer special benefits within a district include but are not limited to improvements which are intended primarily to serve traffic originating or ending within the district, to reduce local traffic congestion or circuitry of travel, or to improve the safety of motorists or pedestrians within the district.

2. The ballot question shall be substantially in the following form:

Shall the _____ Transportation Development District be authorized to levy special assessments against property benefitted within the district for the purpose of providing revenue for the development of a project (or projects) in the district (insert general description of the project or projects, if necessary), said special assessments to be levied ratably against each tract, lot or parcel of property within the district which is benefitted by such project in proportion to the (insert method of allocating special assessments), in an amount not to exceed \$ _____ per annum per (insert unit of measurement)?

3. The special assessment petition shall be substantially in the following form:

The _____ Transportation Development District shall be authorized to levy special assessments against property benefitted within the district for the purpose of providing revenue for the development of a project (or projects) in the district (insert general description of the project or projects, if necessary), said special assessments to be levied pro rata against each tract, lot or parcel or property within the district which is benefitted by such project in proportion to the (insert method of allocating special assessments), in an amount not to exceed \$ _____ per annum per (insert unit of measurement).

4. If a proposal for making a special assessment fails, the district board of directors may, with the prior approval of the commission or the local transportation authority which will assume ownership of the completed project, delete from the project any portion which was to be funded by special assessment and which is not otherwise required for project integrity.

5. A district may establish different classes or subclasses of real property within the district for purposes of levying differing rates of special assessments. The levy rate for special assessments may vary for each class or subclass of real property based on the level of benefit derived by each class or subclass from projects funded by the district.

- 6. Notwithstanding any other provision of this section to the contrary, all property owned by an entity that is exempt from taxation under 26 U.S.C. Section 501(c), as amended, shall be exempt from any special assessment levied by a district under this section.**

238.232. 1. If approved by at least four-sevenths of the qualified voters voting on the question in the district, the district may impose a property tax in an amount not to exceed the annual rate of ten cents on the hundred dollars assessed valuation. The district board may levy a property tax rate lower than its approved tax rate ceiling and may increase that lowered tax rate to a level not exceeding the tax rate ceiling without voter approval. The property tax shall be uniform throughout the district.

2. The ballot of submission shall be substantially in the following form:

Shall the _____ Transportation Development District impose a property tax upon all real and tangible personal property within the district at a rate of not more than _____ (insert amount) cents per hundred dollars assessed valuation for the purpose of providing revenue for the development of a project (or projects) in the district (insert general description of the project or projects, if necessary)?

YES

NO

If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed to the question, place an "X" in the box opposite "NO".

3. The county collector of each county in which the district is partially or entirely located shall collect the property taxes and special benefit assessments made upon all real property and tangible personal property within that county and the district, in the same manner as other property taxes are collected.

4. Every county collector having collected or received district property taxes shall, on or before the fifteenth day of each month and after deducting his commissions, remit to the treasurer of that district the amount collected or received by him prior to the first day of the month. Upon receipt of such money, the district treasurer shall execute a receipt therefor, which he shall forward or deliver to the collector. The district treasurer shall deposit such sums into the district treasury, credited to the appropriate project or purpose. The collector and district treasurer shall make final settlement of the district account and commissions owing, not less than once each year, if necessary.

5. Notwithstanding any other provision of this section to the contrary, all property owned by an entity that is exempt from taxation under 26 U.S.C. Section 501(c), as amended, shall be exempt from any property tax levied by a district under this section."; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

HOUSE AMENDMENT NO. 4

Amend House Substitute for House Committee Substitute for Senate Bill No. 1363, Page 25, Section 67.461, Line 22, by inserting after all of said section and line the following:

"67.547. 1. In addition to the tax authorized by section 67.505, any county as defined in section 67.750 may, by a majority vote of its governing body, impose an additional county sales tax on all sales which are subject to taxation under the provisions of sections 144.010 to 144.525. The tax authorized by this section shall be in addition to any and all other sales tax allowed by law; except that no ordinance or order imposing a sales tax under the provisions of this section shall be effective unless the governing body of the county submits to the voters of the county, at a county or state general, primary or special election, a proposal to authorize the governing body of the county to impose such tax.

2. The ballot of submission shall contain, but need not be limited to the following language:

Shall the county of _____ (county's name) impose a countywide sales tax of _____ (insert rate) percent for the purpose of _____ (insert purpose)?

YES

NO

If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed to the question, place an "X" in the box opposite "NO".

If a majority of the votes cast on the proposal by the qualified voters voting thereon are in favor of the proposal, then the ordinance or order and any amendments thereto shall be in effect. If a majority of the votes cast by the qualified voters voting are opposed to the proposal, then the governing body of the county shall have no power to impose the sales tax as herein authorized unless and until the governing body of the county submits another proposal to authorize the governing body of the county to impose the sales tax under the provisions of this section and such proposal is approved by a majority of the qualified voters voting thereon. A county shall not submit to the voters a proposed sales tax under this section for a period of two years from the date of an election in which the county previously submitted to the voters a proposed sales tax under this section, regardless of whether the initial proposed sales tax was approved or disapproved by the voters. The revenue collected from the sales tax authorized under this section shall only be used for the purpose approved by voters of the county.

3. (1) The sales tax may be imposed at a rate of one-eighth of one percent, one-fourth of one percent, three-eighths of one percent, or one-half of one percent on the receipts from the sale at retail of all tangible personal property or taxable services at retail within any county adopting such tax if such property and services are subject to taxation by the state of Missouri under the provisions of sections 144.010 to 144.525.

(2) In any city not within a county or any county described in subsection 5 of this section, no sales tax for the purpose of funding zoological activities and zoological facilities as those terms are defined in section 184.500 shall exceed a rate of one-eighth of one percent unless the sales tax was levied and collected before August 28, 2017.

[Beginning August 28, 2017] (3) (a) **Except as provided in paragraph (b) of this subdivision**, no county shall submit to the voters any proposal that results in a combined rate of sales taxes adopted under this section in excess of one percent.

(b) Beginning August 28, 2024, the governing body of a county with more than eight thousand but fewer than eight thousand nine hundred inhabitants and with a county seat with more than seven hundred thirty but fewer than eight hundred inhabitants may not submit to the voters any proposal that results in a combined rate of sales taxes adopted under this section in excess of one and one-half percent and, if such a county submits to the voters any proposal that results in a combined rate of sales taxes adopted under section in excess of one percent but under one and one-half percent, such a proposal shall be for no purpose other than providing funding for law

enforcement. A county election for a sales tax for law enforcement purposes conducted during the November 8, 2022, general election shall be deemed in compliance with state law if the aggregate sales tax under this section is not in excess of one and one-half percent.

4. Except as modified in this section, all provisions of sections 32.085 and 32.087 shall apply to the tax imposed under this section.

5. In any first class county having a charter form of government and having a population of nine hundred thousand or more, the proceeds of the sales tax authorized by this section shall be distributed so that an amount equal to three-eighths of the proceeds of the tax shall be distributed to the county and the remaining five-eighths shall be distributed to the cities, towns and villages and the unincorporated area of the county on the ratio that the population of each bears to the total population of the county. Three-eighths of the tax rate adopted by such a county shall be included in the calculation of the county's **one and one-half** percent combined tax rate ceiling provided in subsection 3 of this section. The population of each city, town or village and the unincorporated area of the county and the total population of the county shall be determined on the basis of the most recent federal decennial census. The provisions of this subsection shall not apply if the revenue collected is used to support zoological activities of the zoological subdistrict as defined under section 184.352.

6. Except as prohibited under section 184.353, residents of any county that does not adopt a sales tax under this section for the purpose of supporting zoological activities may be charged an admission fee for zoological facilities, programs, or events that are not part of the zoological subdistrict defined under subdivision (15) of section 184.352 as of August 28, 2017.

7. In any county of the second classification with more than nineteen thousand seven hundred but fewer than nineteen thousand eight hundred inhabitants, the proceeds of the sales tax authorized by this section shall be distributed so that an amount equal to three-fourths of the proceeds of the tax shall be distributed to the county and the remaining one-fourth shall be distributed equally among the incorporated cities, towns, and villages of the county. Upon request from any city, town, or village within the county, the county shall make available for inspection the distribution report provided to the county by the department of revenue. Any expenses incurred by the county in supplying such report to a city, town, or village shall be paid by such city, town, or village.

8. In any first class county having a charter form of government and having a population of nine hundred thousand or more, no tax shall be imposed pursuant to this section for the purpose of funding in whole or in part the construction, operation or maintenance of a sports stadium, field house, indoor or outdoor recreational facility, center, playing field, parking facility or anything incidental or necessary to a complex suitable for any type of professional sport or recreation, either upon, above or below the ground.

9. No county in this state, other than a county with a charter form of government and with more than nine hundred fifty thousand inhabitants and a city not within a county, shall impose a tax under this section for the purpose of funding in whole or in part the construction, operation, or maintenance of any zoological activities, zoological facilities, zoological organizations, the metropolitan zoological park and museum district as created under section 184.350, or any zoological boards.

10. The director of revenue may authorize the state treasurer to make refunds from the amounts in the trust fund and credited to any county for erroneous payments and overpayments made, and may redeem

dishonored checks and drafts deposited to the credit of such counties. If any county abolishes the tax, the county shall notify the director of revenue of the action at least ninety days prior to the effective date of the repeal and the director of revenue may order retention in the trust fund, for a period of one year, of two percent of the amount collected after receipt of such notice to cover possible refunds or overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of such accounts. After one year has elapsed after the effective date of abolition of the tax in such county, the director of revenue shall remit the balance in the account to the county and close the account of that county. The director of revenue shall notify each county of each instance of any amount refunded or any check redeemed from receipts due the county.

11. No revenue received from a tax for the purpose of funding zoological activities in any county shall be used for the benefit of any entity that has ever been named Grant's Farm or is located at ten thousand five hundred one Gravois Road, Saint Louis, Missouri, or successor address, or to supplant any funding received from the metropolitan zoological park and museum district established under section 184.350.

67.582. 1. The governing body of any county, except a county of the first class with a charter form of government with a population of greater than four hundred thousand inhabitants, is hereby authorized to impose, by ordinance or order, a sales tax in the amount of up to [one-half of] one percent on all retail sales made in such county which are subject to taxation under the provisions of sections 144.010 to 144.525 for the purpose of providing law enforcement services for such county. The tax authorized by this section shall be in addition to any and all other sales taxes allowed by law, except that no ordinance or order imposing a sales tax under the provisions of this section shall be effective unless the governing body of the county submits to the voters of the county, at a county or state general, primary or special election, a proposal to authorize the governing body of the county to impose a tax.

2. The ballot of submission shall contain, but need not be limited to, the following language:

(1) If the proposal submitted involves only authorization to impose the tax authorized by this section the ballot shall contain substantially the following:

Shall the county of _____ (county's name) impose a countywide sales tax of _____ (insert amount) for the purpose of providing law enforcement services for the county?

YES

NO

If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed to the question, place an "X" in the box opposite "NO"; or

(2) If the proposal submitted involves authorization to enter into agreements to form a regional jail district and obligates the county to make payments from the tax authorized by this section the ballot shall contain substantially the following:

Shall the county of _____ (county's name) be authorized to enter into

agreements for the purpose of forming a regional jail district and obligating the county to impose a countywide sales tax of _____ (insert amount) to fund _____ dollars of the costs to construct a regional jail and to fund the costs to operate a regional jail, with any funds in excess of that necessary to construct and operate such jail to be used for law enforcement purposes?

YES

NO

If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed to the question, place an "X" in the box opposite "NO".

If a majority of the votes cast on the proposal by the qualified voters voting thereon are in favor of the proposal submitted pursuant to subdivision (1) of this subsection, then the ordinance or order and any amendments thereto shall be in effect on the first day of the second quarter immediately following the election approving the proposal. If the constitutionally required percentage of the voters voting thereon are in favor of the proposal submitted pursuant to subdivision (2) of this subsection, then the ordinance or order and any amendments thereto shall be in effect on the first day of the second quarter immediately following the election approving the proposal. If a proposal receives less than the required majority, then the governing body of the county shall have no power to impose the sales tax herein authorized unless and until the governing body of the county shall again have submitted another proposal to authorize the governing body of the county to impose the sales tax authorized by this section and such proposal is approved by the required majority of the qualified voters voting thereon. However, in no event shall a proposal pursuant to this section be submitted to the voters sooner than twelve months from the date of the last proposal pursuant to this section.

3. All revenue received by a county from the tax authorized under the provisions of this section shall be deposited in a special trust fund and shall be used solely for providing law enforcement services for such county for so long as the tax shall remain in effect. Revenue placed in the special trust fund may also be utilized for capital improvement projects for law enforcement facilities and for the payment of any interest and principal on bonds issued for said capital improvement projects.

4. Once the tax authorized by this section is abolished or is terminated by any means, all funds remaining in the special trust fund shall be used solely for providing law enforcement services for the county. Any funds in such special trust fund which are not needed for current expenditures may be invested by the governing body in accordance with applicable laws relating to the investment of other county funds.

5. All sales taxes collected by the director of revenue under this section on behalf of any county, less one percent for cost of collection which shall be deposited in the state's general revenue fund after payment of premiums for surety bonds as provided in section 32.087, shall be deposited in a special trust fund, which is hereby created, to be known as the "County Law Enforcement Sales Tax Trust Fund". The moneys in the county law enforcement sales tax trust fund shall not be deemed to be state funds and shall

not be commingled with any funds of the state. The director of revenue shall keep accurate records of the amount of money in the trust and which was collected in each county imposing a sales tax under this section, and the records shall be open to the inspection of officers of the county and the public. Not later than the tenth day of each month the director of revenue shall distribute all moneys deposited in the trust fund during the preceding month to the county which levied the tax; such funds shall be deposited with the county treasurer of each such county, and all expenditures of funds arising from the county law enforcement sales tax trust fund shall be by an appropriation act to be enacted by the governing body of each such county. Expenditures may be made from the fund for any law enforcement functions authorized in the ordinance or order adopted by the governing body submitting the law enforcement tax to the voters.

6. The director of revenue may authorize the state treasurer to make refunds from the amounts in the trust fund and credited to any county for erroneous payments and overpayments made, and may redeem dishonored checks and drafts deposited to the credit of such counties. If any county abolishes the tax, the county shall notify the director of revenue of the action at least ninety days prior to the effective date of the repeal and the director of revenue may order retention in the trust fund, for a period of one year, of two percent of the amount collected after receipt of such notice to cover possible refunds or overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of such accounts. After one year has elapsed after the effective date of abolition of the tax in such county, the director of revenue shall remit the balance in the account to the county and close the account of that county. The director of revenue shall notify each county of each instance of any amount refunded or any check redeemed from receipts due the county.

7. Except as modified in this section, all provisions of sections 32.085 and 32.087 shall apply to the tax imposed under this section."; and

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

In which the concurrence of the Senate is respectfully requested.

COMMUNICATIONS

President Pro Tem Rowden submitted the following:

May 14, 2024

Kristina Martin
Secretary of Senate
201 W. Capitol Ave. Rm 325
Jefferson City, MO

Dear Mrs. Martin,

Pursuant to Senate Rule 31, I hereby establish the following interim committee: Committee on driving down the cost of healthcare. This committee shall study and make recommendations regarding prescription drug cost, medical cost transparency, surprise billing, organizations providing health insurance, and other healthcare costs issues.

Sen. Crawford, Chair
Sen. Fitzwater, Vice Chair
Sen. Trent
Sen. Ben Brown
Sen. Roberts

Sen. Mosley

This committee may solicit from agencies and individuals all information necessary to fulfill its obligations. This committee shall be staffed by Senate Research and Senate Appropriations and may hold public hearings at locations to be determined by the chair. With reasonable, actual, and necessary expenses of this committee shall be reimbursed by the Missouri Senate.

The Committee shall issue a report as to their findings and recommendations, as approved by a majority of the members of the committee, to the president pro tempore of the Missouri Senate no later than December 31, 2024, at which point the committee shall be dissolved.

Thank you for your attention to this matter.

Sincerely,



Caleb Rowden
President Pro Tem
Missouri State Senate

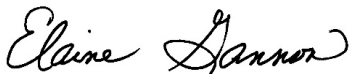
Senator Gannon submitted the following:

Kristina Martin
Secretary of Senate
201 W. Capitol Ave. Room 325

Dear Ms. Martin,

Pursuant to Rule 76, I request to be called on from my desk in lieu of standing, due to a temporary disability.

Thank you for your consideration,



Senator Elaine Gannon
District 3

INTRODUCTION OF GUESTS

Senator Bernskoetter introduced to the Senate, Hannah Froderman; Emmaline Harrington; Terry Froderman; Peter Froderman; and Shepherd Johnston.

On motion of Senator Bean, the Senate adjourned under the rules.

SENATE CALENDAR

SIXTY-FIFTH DAY—THURSDAY, MAY 16, 2024

FORMAL CALENDAR

HOUSE BILLS ON SECOND READING

HB 1489-Griffith
HB 1750-Haffner
HB 2075-Coleman

HB 2650-Haley
HCS#2 for HB 1936
HB 2571-McGaugh

SENATE BILLS FOR PERFECTION

- | | |
|-------------------------------------|-----------------------------------|
| 1. SB 844-Bernskoetter | 16. SB 789-Razer |
| 2. SB 768-Thompson Rehder, with SCS | 17. SB 829-Rowden, with SCS |
| 3. SB 1266-Luetkemeyer, with SCS | 18. SB 969-Washington |
| 4. SB 1379-Arthur | 19. SB 1099-Washington |
| 5. SB 1362-Crawford | 20. SB 1468-Luetkemeyer, with SCS |
| 6. SB 1155-Mosley | 21. SB 1200-Trent, with SCS |
| 7. SB 1326-McCreery | 22. SB 1070-McCreery, with SCS |
| 8. SB 1277-Black | 23. SB 817-Brown (26) |
| 9. SB 884-Roberts, with SCS | 24. SB 1340-Bernskoetter |
| 10. SB 1393-O'Laughlin | 25. SB 819-Brown (26), with SCS |
| 11. SB 907-Carter | 26. SB 812-Coleman |
| 12. SB 869-Moon, et al | 27. SB 1001-Koenig |
| 13. SB 1029-Moon | 28. SB 946-Thompson Rehder |
| 14. SB 753-Brown (16) | 29. SB 1374-Gannon |
| 15. SB 826-Koenig | 30. SB 1260-Gannon |

HOUSE BILLS ON THIRD READING

- | | |
|--|--|
| 1. HCS for HB 1746, with SCS (Cierpiot)
(In Fiscal Oversight) | 6. HB 2142-Baker (Eslinger)
(In Fiscal Oversight) |
| 2. HCS for HBs 2626 & 1918 (Black)
(In Fiscal Oversight) | 7. HCS for HBs 2628 & 2603, with SCS (Schroer) |
| 3. HB 1960-Riley (Fitzwater)
(In Fiscal Oversight) | 8. HCS for HB 2065 (Hough) |
| 4. HB 2430-McGill (Schroer)
(In Fiscal Oversight) | 9. HB 1516-Murphy (Trent)
(In Fiscal Oversight) |
| 5. HB 2082-Gregory (Crawford) | 10. HCS for HB 1481, with SCS (Schroer)
(In Fiscal Oversight) |
| | 11. HCS for HB 2431, with SCS (Black) |

- | | |
|---|--|
| 12. HCS HBs 2432, 2482 & 2543 (Luetkemeyer) | 21. HCS for HJRs 68 & 79 (Cierpiot)
(In Fiscal Oversight) |
| 13. HCS for HBs 2322 & 1774 (Trent) | 22. HCS for HB 1564, with SCS (Gannon)
(In Fiscal Oversight) |
| 14. HCS for HB 1775, with SCS (Crawford)
(In Fiscal Oversight) | 23. HB 2084-Banderman, with SCS (Brown (26)) |
| 15. HCS for HB 2688 (Thompson Rehder) | 24. HCS for HB 2763 |
| 16. HCS for HBs 1818 & 2345
(Thompson Rehder) | 25. HCS for HB 2153, with SCS (Bean)
(In Fiscal Oversight) |
| 17. HCS for HBs 1948, 2066, 1721 &
2276 with SCS (Brown (16)) | 26. HJR 132-Hausman (Fitzwater)
(In Fiscal Oversight) |
| 18. HCS for HB 2413 (Gannon) | 27. HCS for HB 2797, with SCS (Fitzwater)
(In Fiscal Oversight) |
| 19. HB 2170-Gregory, with SCS (Trent)
(In Fiscal Oversight) | 28. HCS for HJRs 86, 72 & 119 (Trent)
(In Fiscal Oversight) |
| 20. HCS for HB 2064 &
HCS#2 for HB 1886, with SCS
(Luetkemeyer) (In Fiscal Oversight) | |

INFORMAL CALENDAR

SENATE BILLS FOR PERFECTION

- | | |
|---|---|
| SB 734-Eigel, with SCS | SB 847-Hough, with SCS, SS for SCS &
SA 1 (pending) |
| SB 739-Cierpiot, with SS & SA 1 (pending) | SB 848-Hough |
| SB 740-Cierpiot, with SCS, SS for SCS &
SA 3 (pending) | SB 850-Brown (16) |
| SB 742-Arthur, with SS (pending) | SB 876-Bean, with SCS & SS for SCS
(pending) |
| SB 745-Bernskoetter, with SS & SA 1 (pending) | SB 903-Schroer |
| SB 750-Hough, with SCS & SA 1 (pending) | SB 936-Bernskoetter, with SCS &
SS for SCS (pending) |
| SB 757-O'Laughlin, with SCS | SB 984-Schroer, with SS, SA 1 &
SA 1 to SA 1 (pending) |
| SB 772-Gannon | SB 1036-Razer and Rizzo, with SCS |
| SB 778-Eslinger, with SS & SA 1 (pending) | SBs 1168 & 810-Coleman, with SCS,
SS for SCS, SA 2, SA 1 to SA 2 &
point of order (pending) |
| SB 782-Bean, with SCS, SS for SCS, SA 4 &
SSA 1 for SA 4, as amended (pending) | SB 1199-Trent |
| SB 799-Fitzwater and Eigel, with SCS &
SS for SCS (pending) | SB 1207-Hoskins, with SS & SA 1 (pending) |
| SB 801-Fitzwater, with SCS | SB 1375-Eslinger |
| SB 811-Coleman, with SCS, SS#2 for SCS &
SA 1 (pending) | SB 1391-Luetkemeyer, with SCS |
| SB 818-Brown (26) and Coleman, with SS &
SA 2 (pending) | SB 1392-Trent |
| SB 830-Rowden, with SS, SA 2 &
point of order (pending) | SB 1422-Black, with SCS |
| SB 845-Bernskoetter | |

HOUSE BILLS ON THIRD READING

HB 1488-Shields (Arthur)	SS for HB 1713-Schnelting (Schroer)
HCS for HB 1511 (Brown (26))	(In Fiscal Oversight)
HCS for HB 1659, with SCS, SS for SCS & SA 9, as amended (pending) (Luetkemeyer)	HCS for HB 2227 (Thompson Rehder)

SENATE BILLS WITH HOUSE AMENDMENTS

SB 736-Crawford, with HCS, as amended	SS for SCS for SB 1351-Luetkemeyer,
SS for SCS for SB 835-Crawford,	with HCS, as amended
with HCS#2, as amended	SB 1363-Crawford, with HS for HCS, as
SS for SB 898-Black, with HCS, as amended	amended
SS for SB 900-Black, with HCS, as amended	
SS#2 for SB 964-Razer and O'Laughlin,	
with HCS#2, as amended	
SS for SB 1298-Bean, with HA 1, HA 2,	
HA 3, HA 4, HA 1 to HA 5, HA 5,	
as amended, HA 1 to HA 6, HA 2 to HA 6,	
HA 6, as amended, HA 1 to HA 7,	
HA 2 to HA 7, HA 3 to HA 7, HA 5 to HA 7,	
HA 7, as amended, HA 1 to HA 8,	
HA 2 to HA 8, HA 3 to HA 8, HA 4 to HA 8,	
HA 5 to HA 8, HA 8, as amended,	
HA 1 to HA 9, HA 9, as amended, HA 10 & HA 11	

BILLS IN CONFERENCE AND BILLS
CARRYING REQUEST MESSAGES

Requests to Recede or Grant Conference

SS#4 for SCS for SJRs 74, 48, 59, 61 &
83-Coleman, et al, with HCS, as amended
(Senate requests House recede or grant
conference)

RESOLUTIONS

SR 557-Eigel	SR 563-Moon
SR 558-Eigel	SR 631-May
SR 561-Moon	SR 647-Coleman
SR 562-Moon	HCR 65-Patterson (O'Laughlin)

SCR 36-Moon, et al

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