

# SENATE BILL NO. 4

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR CIERPIOT.

0120S.03I

KRISTINA MARTIN, Secretary

## AN ACT

To repeal sections 137.122, 386.572, and 393.150, RSMo, and to enact in lieu thereof four new sections relating to utilities, with an emergency clause for a certain section.

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

Section A. Sections 137.122, 386.572, and 393.150, RSMo,  
2 are repealed and four new sections enacted in lieu thereof, to  
3 be known as sections 137.122, 386.572, 393.150, and 393.1645,  
4 to read as follows:

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

3 (1) "Business personal property", tangible personal  
4 property which is used in a trade or business or used for  
5 production of income and which has a determinable life of  
6 longer than one year except that supplies used by a business  
7 shall also be considered business personal property, but  
8 shall not include livestock, farm machinery, grain and other  
9 agricultural crops in an unmanufactured condition, property  
10 subject to the motor vehicle registration provisions of  
11 chapter 301, property assessed under section 137.078, the  
12 property of rural electric cooperatives under chapter 394,  
13 or property assessed by the state tax commission under  
14 chapters 151, 153, and 155, section 137.022, and sections  
15 137.1000 to 137.1030;

16 (2) "Class life", the class life of property as set  
17 out in the federal Modified Accelerated Cost Recovery System

**EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

18 life tables or their successors under the Internal Revenue  
19 Code as amended;

20 (3) "Economic or functional obsolescence", a loss in  
21 value of personal property above and beyond physical  
22 deterioration and age of the property. Such loss may be the  
23 result of economic or functional obsolescence or both;

24 (4) "Original cost", the price the current owner, the  
25 taxpayer, paid for the item without freight, installation,  
26 or sales or use tax. In the case of acquisition of items of  
27 personal property as part of an acquisition of an entity,  
28 the original cost shall be the historical cost of those  
29 assets remaining in place and in use and the placed-in-  
30 service date shall be the date of acquisition by the entity  
31 being acquired;

32 (5) "Placed in service", property is placed in service  
33 when it is ready and available for a specific use, whether  
34 in a business activity, an income-producing activity, a tax-  
35 exempt activity, or a personal activity. Even if the  
36 property is not being used, the property is in service when  
37 it is ready and available for its specific use;

38 (6) "Recovery period", the period over which the  
39 original cost of depreciable tangible personal property  
40 shall be depreciated for property tax purposes and shall be  
41 the same as the recovery period allowed for such property  
42 under the Internal Revenue Code.

43 2. To establish uniformity in the assessment of  
44 depreciable tangible personal property, each assessor shall  
45 use the standardized schedule of depreciation in this  
46 section to determine the assessed valuation of depreciable  
47 tangible personal property for the purpose of estimating the  
48 value of such property subject to taxation under this  
49 chapter.

50           3. For purposes of this section, and to estimate the  
 51 value of depreciable tangible personal property for mass  
 52 appraisal purposes, each assessor shall value depreciable  
 53 tangible personal property by applying the class life and  
 54 recovery period to the original cost of the property  
 55 according to the following depreciation schedule. The  
 56 percentage shown for the first year shall be the percentage  
 57 of the original cost used for January first of the year  
 58 following the year of acquisition of the property, and the  
 59 percentage shown for each succeeding year shall be the  
 60 percentage of the original cost used for January first of  
 61 the respective succeeding year as follows:

62	Year	Recovery Period in Years					
63		3	5	7	10	15	20
64	1	75.00	85.00	89.29	92.50	95.00	96.25
65	2	37.50	59.50	70.16	78.62	85.50	89.03
66	3	12.50	41.65	55.13	66.83	76.95	82.35
67	4	5.00	24.99	42.88	56.81	69.25	76.18
68	5		10.00	30.63	48.07	62.32	70.46
69	6			18.38	39.33	56.09	65.18
70	7			10.00	30.59	50.19	60.29
71	8				21.85	44.29	55.77
72	9				15.00	38.38	51.31
73	10					32.48	46.85
74	11					26.57	42.38
75	12					20.67	37.92
76	13					15.00	33.46
77	14						29.00
78	15						24.54

79	16	20.08
80	17	20.00

81 Depreciable tangible personal property in all recovery  
82 periods shall continue in subsequent years to have the  
83 depreciation factor last listed in the appropriate column so  
84 long as it is owned or held by the taxpayer. The state tax  
85 commission shall study and analyze the values established by  
86 this method of assessment and in every odd-numbered year  
87 make recommendations to the joint committee on tax policy  
88 pertaining to any changes in this methodology, if any, that  
89 are warranted.

90 4. Such estimate of value determined under this  
91 section shall be presumed to be correct for the purpose of  
92 determining the true value in money of the depreciable  
93 tangible personal property, but such estimation may be  
94 disproved **by a taxpayer** by substantial and persuasive  
95 evidence of the true value in money under any method  
96 determined by the state tax commission to be correct,  
97 including, but not limited to, an appraisal of the tangible  
98 personal property specifically utilizing generally accepted  
99 appraisal techniques, and contained in a narrative appraisal  
100 report in accordance with the Uniform Standards of  
101 Professional Appraisal Practice or by proof of economic or  
102 functional obsolescence or evidence of excessive physical  
103 deterioration. For purposes of appeal of the provisions of  
104 this section, the salvage or scrap value of depreciable  
105 tangible personal property may only be considered if the  
106 property is not in use as of the assessment date.

107 5. This section shall not apply to business personal  
108 property placed in service before January 2, 2006. Nothing

109 in this section shall create a presumption as to the proper  
110 method of determining the assessed valuation of business  
111 personal property placed in service before January 2, 2006.

112 6. The provisions of this section are not intended to  
113 modify the definition of tangible personal property as  
114 defined in section 137.010.

115 7. (1) As of January 1, 2026, this section shall  
116 apply to all real property, placed in service at any time,  
117 that is stationary property used for transportation or  
118 storage of liquid and gaseous products including water,  
119 sewage, and natural gas that is not propane or LP gas, but  
120 not including petroleum products.

121 (2) To estimate the value of the real property  
122 described in this subsection, each assessor shall value such  
123 property by applying a twenty-year recovery period to the  
124 original cost of the property according to the twenty-year  
125 depreciation schedule set forth in subsection 3 of this  
126 section. Notwithstanding subsection 5 of this section, the  
127 presumption as to the proper method of determining the  
128 assessed value of such property shall apply regardless of  
129 when such property was placed in service.

130 (3) Each taxpayer owning real property described in  
131 this subsection shall provide to an assessor, no later than  
132 May first of the applicable tax year, the original cost and  
133 year placed in service of such property summarized in a  
134 format that is substantially similar to the real property  
135 reporting and valuation forms contained in section 7.4 of  
136 the state tax commission assessor manual (revision date  
137 March 23, 2016, or any revision adopted by the state tax  
138 commission thereafter). Upon the written request of the  
139 assessor, such information shall be provided for each taxing  
140 district within the assessor's jurisdiction. If requested

141 by the taxpayer, the assessor shall provide to the taxpayer  
142 geographic information system maps in readable layers on  
143 which a taxpayer may provide the information in this  
144 subsection. The taxpayer shall certify under penalty of  
145 perjury that the information provided to the assessor  
146 pursuant to this subsection is accurate to the best of its  
147 knowledge. All information provided to an assessor pursuant  
148 to this subsection shall be considered proprietary  
149 information and shall be accessible only to the assessor and  
150 the assessor's staff for internal use only.

386.572. 1. No corporation, person, public utility,  
2 or municipality that owns any gas plant shall violate any  
3 law or any order, decision, decree, rule, direction, demand,  
4 or requirement of the commission or any part or portion  
5 thereof relating to federally mandated natural gas safety  
6 standards. Notwithstanding the above, a municipality that  
7 owns any gas plant shall be subject to the provisions of  
8 this section only for violations of natural gas safety laws,  
9 rules, or orders.

10 2. The maximum penalties for violations of federally  
11 mandated natural gas safety standards, or such stricter  
12 natural gas safety standards or rules as may be approved by  
13 the commission, shall [not be greater than fifteen thousand  
14 dollars for each violation with a maximum penalty for a  
15 continuing violation or a multiple series of violations of  
16 the same standard or rule provision not to exceed one  
17 hundred fifty thousand dollars,] **not exceed an amount as**  
18 **determined by the Secretary of Transportation of the United**  
19 **States pursuant to 49 CFR Part 190.223(a),** notwithstanding  
20 any provisions of subsection 1 of section 386.570 to the  
21 contrary. [The maximum penalty for each violation shall  
22 increase to twenty thousand dollars, effective January 1,

23 2015, twenty-five thousand dollars, effective January 1,  
24 2025, thirty thousand dollars, effective January 1, 2035,  
25 and forty thousand dollars, effective January 1, 2040. The  
26 maximum penalty for a continuing violation or a multiple  
27 series of violations of the same standard or rule provision  
28 shall increase to two hundred thousand dollars, effective  
29 January 1, 2015, two hundred fifty thousand dollars,  
30 effective January 1, 2025, three hundred thousand dollars,  
31 effective January 1, 2035, and four hundred thousand  
32 dollars, effective January 1, 2040.] In determining the  
33 amount of the penalty, the commission shall consider the  
34 nature, circumstances, and gravity of the violation, and  
35 also shall consider, with respect to the entity found to  
36 have committed the violation:

- 37 (1) The degree of culpability;
- 38 (2) Any history of prior violations;
- 39 (3) The effect of the penalty on the entity's ability  
40 to continue operation;
- 41 (4) Any good faith effort in attempting to achieve  
42 compliance;
- 43 (5) Ability to pay the penalty; and
- 44 (6) Such other matters as are relevant in the case.

45 3. Every violation of a specific natural gas safety  
46 standard or rule by any corporation, person, public utility,  
47 or municipality that owns any gas plant is a separate and  
48 distinct offense, regardless of whether such violations  
49 relate to the same incident. In case of a continuing  
50 violation, each day's continuance thereof shall be a  
51 separate and distinct offense.

52 4. In construing and enforcing the provisions of this  
53 section, the act, omission, or failure of any officer,  
54 agent, or employee of any corporation, person, public

55 utility, or municipality that owns any gas plant acting  
56 within the scope of official duties of employment shall in  
57 every case be considered the act, omission, or failure of  
58 such corporation, person, public utility, or municipality  
59 that owns any gas plant.

393.150. 1. Whenever there shall be filed with the  
2 commission by any gas corporation, electrical corporation,  
3 water corporation or sewer corporation any schedule stating  
4 a new rate or charge, or any new form of contract or  
5 agreement, or any new rule, regulation or practice relating  
6 to any rate, charge or service or to any general privilege  
7 or facility, the commission shall have, and it is hereby  
8 given, authority, either upon complaint or upon its own  
9 initiative without complaint, at once, and if it so orders  
10 without answer or other formal pleading by the interested  
11 gas corporation, electrical corporation, water corporation  
12 or sewer corporation, but upon reasonable notice, to enter  
13 upon a hearing concerning the propriety of such rate,  
14 charge, form of contract or agreement, rule, regulation or  
15 practice, and pending such hearing and the decision thereon,  
16 the commission upon filing with such schedule, and  
17 delivering to the gas corporation, electrical corporation,  
18 water corporation or sewer corporation affected thereby, a  
19 statement in writing of its reasons for such suspension, may  
20 suspend the operation of such schedule and defer the use of  
21 such rate, charge, form of contract or agreement, rule,  
22 regulation or practice, but not for a longer period than one  
23 hundred and twenty days beyond the time when such rate,  
24 charge, form of contract or agreement, rule, regulation or  
25 practice would otherwise go into effect; and after full  
26 hearing, whether completed before or after the rate, charge,  
27 form of contract or agreement, rule, regulation or practice



28 goes into effect, the commission may make such order in  
29 reference to such rate, charge, form of contract or  
30 agreement, rule, regulation or practice as would be proper  
31 in a proceeding initiated after the rate, charge, form of  
32 contract or agreement, rule, regulation or practice had  
33 become effective.

34 2. If any such hearing cannot be concluded within the  
35 period of suspension, as above stated, the commission may,  
36 in its discretion, extend the time of suspension for a  
37 further period not exceeding six months, **the last day of**  
38 **which period shall be considered the operation of law date.**

39 At any hearing involving a rate sought to be increased, the  
40 burden of proof to show that the increased rate or proposed  
41 increased rate is just and reasonable shall be upon the gas  
42 corporation, electrical corporation, water corporation or  
43 sewer corporation, and the commission shall give to the  
44 hearing and decision of such questions preference over all  
45 other questions pending before it and decide the same as  
46 speedily as possible.

47 3. (1) **Beginning July 1, 2026, the test year for**  
48 **proceedings under this section shall, if requested by a gas**  
49 **corporation, water corporation or sewer corporation, be a**  
50 **future year consisting of the first twelve full calendar**  
51 **months after the operation of law date determined as**  
52 **provided in subsections 1 and 2 of this section for**  
53 **schedules stating new base rates filed by a gas corporation,**  
54 **water corporation, or sewer corporation under this section,**  
55 **unless the commission makes a determination that using a**  
56 **future test year under this section is detrimental to the**  
57 **public interest. For ratemaking purposes, the projected**  
58 **total rate base at the end of the future test year as**  
59 **authorized by the commission shall be used to establish new**

60 base rates. Unless otherwise ordered by the commission, new  
61 base rates shall not go into effect before the first day of  
62 the future test year.

63 (2) With respect to gas corporations, water  
64 corporations, or sewer corporations that elect to utilize a  
65 future test year and notwithstanding section 393.270 to the  
66 contrary, within forty-five days of the end of the future  
67 test year, such gas corporation, water corporation, or sewer  
68 corporation shall update its base rates that were approved  
69 by the commission in its report and order issued under  
70 subsections 1 and 2 of this section to reflect the total  
71 rate base, annualized depreciation expense, income tax  
72 expense, payroll expense, employee benefits (other than  
73 pensions and other post-retirement benefits) and rate case  
74 expense at the end of the future test year. The total  
75 ending rate base and expense items reflected in this update  
76 shall not be greater than the total ending rate base and  
77 expense items approved by the commission in its report and  
78 order establishing base rates. The commission and parties  
79 to the case shall have sixty days to review the accuracy of  
80 the updated information provided by a gas corporation, water  
81 corporation, or sewer corporation. The commission shall  
82 order the corporation to file new tariff sheets that reflect  
83 the update, unless any party who was a party to the rate  
84 case files a request for a hearing at which point the  
85 commission shall suspend the filed tariffs and order a  
86 procedural schedule.

87 4. A gas corporation, water corporation, or sewer  
88 corporation that requests a test year under subsection 3 of  
89 this section shall not recover the costs of any plant  
90 investments made during the test year period under any of  
91 the mechanisms provided for in sections 393.1000, 393.1003,

92 393.1006, 393.1009, 393.1012, 393.1015, 393.1500, 393.1503,  
93 393.1506, or 393.1509.

94 5. For a gas corporation, water corporation, or sewer  
95 corporation that elected to use a future test year, a  
96 reconciliation of the rate base at the end of the future  
97 test year shall be provided to the commission within forty-  
98 five days of the end of the future test year. If the actual  
99 rate base is less than the rate base used to set base rates  
100 in the prior general rate proceeding under subsections 1 and  
101 2 of this section, and notwithstanding section 393.270 to  
102 the contrary, the portion of the annual revenue requirement  
103 comprising the rate base difference shall be returned to  
104 customers. The revenue requirement shall be calculated  
105 using rate base, depreciation expense, income tax expense,  
106 and the pre-tax rate of return from the prior general rate  
107 proceeding under subsections 1 and 2 of this section. The  
108 difference in revenue requirement shall be placed into a  
109 regulatory liability to be returned to customers in the next  
110 general rate proceeding with such regulatory liability to  
111 accrue carrying costs at the utility's weighted average cost  
112 of capital.

113 6. The commission may take into account any change in  
114 business risk to the corporation resulting from  
115 implementation of the adjustment mechanism in setting the  
116 corporation's allowed return in any rate proceeding, in  
117 addition to any other changes in business risk experienced  
118 by the corporation.

119 7. For a gas corporation, water corporation, or sewer  
120 corporation that elected to use a future test year, a  
121 reconciliation of payroll expense, employee benefits except  
122 for pensions and other post retirement benefits, and rate  
123 case expense at the end of the future test year shall be

124 provided to the commission within forty-five days of the end  
125 of the future test year. If the actual amounts for these  
126 expenses are less than the amounts used to calculate the  
127 revenue requirement in the prior general rate proceeding  
128 under subsections 1 and 2 of this section, and  
129 notwithstanding section 393.270 to the contrary, the  
130 differences shall be returned to customers. The difference  
131 in revenue requirement shall be placed into a regulatory  
132 liability to be returned to customers in the next general  
133 rate case with such regulatory liability to accrue carrying  
134 costs at the utility's weighted average cost of capital.

135 8. The commission may promulgate rules to implement  
136 the provisions of this section. Any rule or portion of a  
137 rule, as that term is defined in section 536.010, that is  
138 created under the authority delegated in this section shall  
139 become effective only if it complies with and is subject to  
140 all of the provisions of chapter 536 and, if applicable,  
141 section 536.028. This section and chapter 536 are  
142 nonseverable and if any of the powers vested with the  
143 general assembly pursuant to chapter 536 to review, to delay  
144 the effective date, or to disapprove and annul a rule are  
145 subsequently held unconstitutional, then the grant of  
146 rulemaking authority and any rule proposed or adopted after  
147 August 28, 2025, shall be invalid and void.

148 9. For purposes of this section, the following terms  
149 shall mean:

150 (1) "Base rates", rates or charges for public utility  
151 service other than rates or charges under any rate  
152 adjustment mechanism including, but not limited to, those  
153 approved under the provisions of sections 386.266, 393.1000,  
154 393.1009, 393.1030, 393.1075, and 393.1500;

155           (2) "Revenue requirement", the amount of retail  
156 revenues from base rates charged to retail customers for  
157 public utility service needed for a public utility to  
158 recover its cost to provide utility service including  
159 reasonable and necessary expenses, prudent investments, and  
160 the cost of capital.

          393.1645. 1. Subject to the limitations provided for  
2 in subsection 2 of this section, and upon proper application  
3 by an eligible customer prior to public announcement of a  
4 growth project, a new or existing account meeting the  
5 criteria in this subsection shall qualify for one of the  
6 discounts set forth in subdivision (1) or (2) of this  
7 subsection:

8           (1) When the customer is a new customer and the new  
9 load is reasonably projected to be at least two hundred  
10 seventy thousand CCF annually, the discount shall equal up  
11 to twenty-five percent subject to the limiting provisions of  
12 this section and shall apply for four years; or

13           (2) When the customer is an existing customer and the  
14 new load is reasonably projected to be at least one hundred  
15 thirty-five thousand CCF annually, the discount shall equal  
16 twenty-five percent subject to the limiting provisions of  
17 this section and shall apply for four years.

18 To obtain one of the discounts set forth in subdivision (1)  
19 or (2) of this subsection, the customer's load shall be  
20 incremental, net of any offsetting load reductions due to  
21 the termination of other accounts of the customer or an  
22 affiliate of the customer within twelve months prior to the  
23 commencement of service to the new load, the customer shall  
24 receive an economic development incentive from the local,  
25 regional, state, or federal government, or from an agency or

26 program of any such government, in conjunction with the  
27 incremental load, and the customer shall meet the criteria  
28 set forth in the gas corporation's economic development  
29 rider tariff sheet, as approved by the commission, that are  
30 not inconsistent with the provisions of this subsection.  
31 Unless otherwise provided for by the gas corporation's  
32 tariff, the applicable discount shall be a percentage  
33 applied to all variable base-rate components of the bill.  
34 The discount shall be applied to such incremental load from  
35 the date when the meter has been permanently set until the  
36 date that such incremental load no longer meets the criteria  
37 required to qualify for the discount as determined under the  
38 provisions of subsection 2 of this section, or a maximum of  
39 four years. The gas corporation may include in its tariff  
40 additional or alternative terms and conditions to a  
41 customer's utilization of the discount, subject to approval  
42 of such terms and conditions by the commission. The  
43 customer, on forms supplied by the gas corporation, shall  
44 apply for the applicable discount provided for by this  
45 subsection at least ninety days prior to the date the  
46 customer requests that the incremental usage receive one of  
47 the discounts provided for by this subsection and shall  
48 enter into a written agreement with the gas corporation  
49 reflecting the discount percentages and other pertinent  
50 details prior to which no discount will be available. If  
51 the incremental usage is not separately metered, the gas  
52 corporation's determination of the incremental usage shall  
53 control. The gas corporation shall verify the customer's  
54 consumption annually to determine continued qualification  
55 for the applicable discount. Notwithstanding the foregoing  
56 provisions of this subsection, the cents-per-CCF realization  
57 resulting from application of any discounted rates as

58 calculated shall be higher than the gas corporation's  
59 variable cost to serve such incremental usage and the  
60 applicable discounted rate also shall make a positive  
61 contribution to fixed costs associated with service to such  
62 incremental usage. If in a subsequent general rate  
63 proceeding the commission determines that application of a  
64 discounted rate is not adequate to cover the gas  
65 corporation's variable cost to serve the accounts in  
66 question and provide a positive contribution to fixed costs,  
67 then the commission shall reduce the discount for those  
68 accounts prospectively to the extent necessary to do so.

69 2. In each general rate proceeding concluded after  
70 August 28, 2025, the difference in revenues generated by  
71 applying the discounted rates provided for by this section  
72 and the revenues that would have been generated without such  
73 discounts shall not be imputed into the gas corporation's  
74 revenue requirement, but instead such revenue requirement  
75 shall be set using the revenues generated by such discounted  
76 rates, and the impact of the discounts provided for by this  
77 section shall be allocated to all the gas corporation's  
78 customer classes, including the classes with customers that  
79 qualify for discounts under this section, through the  
80 application of a uniform percentage adjustment to the  
81 revenue requirement responsibility of all customer classes.  
82 To qualify for the discounted rates provided for in this  
83 section, customers shall meet the applicable criteria within  
84 twenty-four months of initially receiving discounts based on  
85 metering data for calendar months thirteen through twenty-  
86 four and annually thereafter. If such data indicates that  
87 the customer did not meet the applicable criteria for any  
88 subsequent twelve-month period, it shall thereafter no  
89 longer qualify for a discounted rate. Customer usage

90 existing at the time the customer makes application for  
91 discounted rates under this section shall not constitute  
92 incremental usage. The discounted rates provided for by  
93 this section apply only to variable base-rate components,  
94 with charges or credits arising from any rate adjustment  
95 mechanism authorized by law to be applied to customers  
96 qualifying for discounted rates under this section in the  
97 same manner as such rate adjustments would apply in absence  
98 of this section.

99 3. For purposes of this section the following terms  
100 shall mean:

101 (1) "Gas corporation", the same as defined in section  
102 386.020;

103 (2) "Variable base-rate components", the rate charged  
104 for gas service based on the volume of gas used excluding  
105 any additional riders or surcharges.

Section B. Because of the need to allow Missouri to  
2 set its own standard for natural gas safety, the repeal and  
3 reenactment of section 386.572 of this act is deemed  
4 necessary for the immediate preservation of the public  
5 health, welfare, peace, and safety, and is hereby declared  
6 to be an emergency act within the meaning of the  
7 constitution, and the repeal and reenactment of section  
8 386.572 of this act shall be in full force and effect upon  
9 its passage and approval.

✓