

SECOND REGULAR SESSION

# HOUSE BILL NO. 1914

100TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE PORTER.

4435H.021

DANA RADEMAN MILLER, Chief Clerk

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## AN ACT

To repeal sections 137.100, 153.030, and 153.034, RSMo, and to enact in lieu thereof four new sections relating to energy property taxation.

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

Section A. Sections 137.100, 153.030, and 153.034, RSMo, are repealed and four new sections enacted in lieu thereof, to be known as sections 137.100, 137.123, 153.030, and 153.034, to read as follows:

137.100. The following subjects are exempt from taxation for state, county or local purposes:

(1) Lands and other property belonging to this state;

(2) Lands and other property belonging to any city, county or other political subdivision in this state, including market houses, town halls and other public structures, with their furniture and equipments, and on public squares and lots kept open for health, use or ornament;

(3) Nonprofit cemeteries;

(4) The real estate and tangible personal property which is used exclusively for agricultural or horticultural societies organized in this state, including not-for-profit agribusiness associations;

(5) All property, real and personal, actually and regularly used exclusively for religious worship, for schools and colleges, or for purposes purely charitable and not held for private or corporate profit, except that the exemption herein granted does not include real property not actually used or occupied for the purpose of the organization but held or used as investment even though the income or rentals received therefrom is used wholly for religious, educational or charitable purposes;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 (6) Household goods, furniture, wearing apparel and articles of personal use and  
18 adornment, as defined by the state tax commission, owned and used by a person in his home or  
19 dwelling place;

20 (7) Motor vehicles leased for a period of at least one year to this state or to any city,  
21 county, or political subdivision or to any religious, educational, or charitable organization which  
22 has obtained an exemption from the payment of federal income taxes, provided the motor  
23 vehicles are used exclusively for religious, educational, or charitable purposes;

24 (8) Real or personal property leased or otherwise transferred by an interstate compact  
25 agency created pursuant to sections 70.370 to 70.430 or sections 238.010 to 238.100 to another  
26 for which or whom such property is not exempt when immediately after the lease or transfer, the  
27 interstate compact agency enters into a leaseback or other agreement that directly or indirectly  
28 gives such interstate compact agency a right to use, control, and possess the property; provided,  
29 however, that in the event of a conveyance of such property, the interstate compact agency must  
30 retain an option to purchase the property at a future date or, within the limitations period for  
31 reverters, the property must revert back to the interstate compact agency. Property will no longer  
32 be exempt under this subdivision in the event of a conveyance as of the date, if any, when:

33 (a) The right of the interstate compact agency to use, control, and possess the property  
34 is terminated;

35 (b) The interstate compact agency no longer has an option to purchase or otherwise  
36 acquire the property; and

37 (c) There are no provisions for reverter of the property within the limitation period for  
38 reverters;

39 (9) All property, real and personal, belonging to veterans' organizations. As used in this  
40 section, "veterans' organization" means any organization of veterans with a congressional charter,  
41 that is incorporated in this state, and that is exempt from taxation under section 501(c)(19) of the  
42 Internal Revenue Code of 1986, as amended[;]

43 ~~————(10) Solar energy systems not held for resale].~~

**137.123. Beginning January 1, 2021, for purposes of assessing all real or tangible  
2 personal property associated with a project that uses solar energy directly to generate  
3 electricity, the following depreciation tables shall be used to determine the true value in  
4 money of such property. The first year shown in the table shall be the year immediately  
5 following the year of construction of the property. The percentages shown in the table  
6 shall reflect either:**

7 **(1) The percentage of the actual and documented original property cost to the**  
8 **taxpayer, as shall be provided by the taxpayer to the assessor; or**

9           **(2) The percentage of the estimated cost of the property by the assessor, using the**  
 10 **relevant guidelines provided in the "Real Property Appraisal Manual" from Vanguard**  
 11 **Appraisals, Inc.**

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13	<b>Year</b>	<b>Percentage</b>
14	<b>1</b>	<b>70%</b>
15	<b>2</b>	<b>70%</b>
16	<b>3</b>	<b>62%</b>
17	<b>4</b>	<b>62%</b>
18	<b>5</b>	<b>54%</b>
19	<b>6</b>	<b>54%</b>
20	<b>7</b>	<b>46%</b>
21	<b>8</b>	<b>46%</b>
22	<b>9</b>	<b>38%</b>
23	<b>10</b>	<b>38%</b>
24	<b>11</b>	<b>35%</b>

25

26 **Any real or tangible personal property associated with a project that uses solar energy**  
 27 **directly to generate electricity shall continue in subsequent years to have the depreciation**  
 28 **percentage last listed in the appropriate column in the table.**

153.030. 1. All bridges over streams dividing this state from any other state owned,  
 2 used, leased or otherwise controlled by any person, corporation, railroad company or joint stock  
 3 company, and all bridges across or over navigable streams within this state, where the charge is  
 4 made for crossing the same, which are now constructed, which are in the course of construction,  
 5 or which shall hereafter be constructed, and all property, real and tangible personal, owned, used,  
 6 leased or otherwise controlled by telegraph, telephone, electric power and light companies,  
 7 electric transmission lines, pipeline companies and express companies shall be subject to  
 8 taxation for state, county, municipal and other local purposes to the same extent as the property  
 9 of private persons.

10           2. And taxes levied thereon shall be levied and collected in the manner as is now or may  
 11 hereafter be provided by law for the taxation of railroad property in this state, and county  
 12 commissions, county boards of equalization and the state tax commission are hereby required  
 13 to perform the same duties and are given the same powers, including punitive powers, in  
 14 assessing, equalizing and adjusting the taxes on the property set forth in this section as the county  
 15 commissions and boards of equalization and state tax commission have or may hereafter be  
 16 empowered with, in assessing, equalizing, and adjusting the taxes on railroad property; and an

17 authorized officer of any such bridge, telegraph, telephone, electric power and light companies,  
18 electric transmission lines, pipeline companies, or express company or the owner of any such toll  
19 bridge, is hereby required to render reports of the property of such bridge, telegraph, telephone,  
20 electric power and light companies, electric transmission lines, pipeline companies, or express  
21 companies in like manner as the authorized officer of the railroad company is now or may  
22 hereafter be required to render for the taxation of railroad property.

23 3. On or before the fifteenth day of April in the year 1946 and each year thereafter an  
24 authorized officer of each such company shall furnish the state tax commission and county clerks  
25 a report, duly subscribed and sworn to by such authorized officer, which is like in nature and  
26 purpose to the reports required of railroads under chapter 151 showing the full amount of all real  
27 and tangible personal property owned, used, leased or otherwise controlled by each such  
28 company on January first of the year in which the report is due.

29 4. If any telephone company assessed pursuant to chapter 153 has a microwave relay  
30 station or stations in a county in which it has no wire mileage but has wire mileage in another  
31 county, then, for purposes of apportioning the assessed value of the distributable property of such  
32 companies, the straight line distance between such microwave relay stations shall constitute  
33 miles of wire. In the event that any public utility company assessed pursuant to this chapter has  
34 no distributable property which physically traverses the counties in which it operates, then the  
35 assessed value of the distributable property of such company shall be apportioned to the physical  
36 location of the distributable property.

37 5. (1) Notwithstanding any provision of law to the contrary, beginning January 1, 2019,  
38 a telephone company shall make a one-time election within the tax year to be assessed:

39 (a) Using the methodology for property tax purposes as provided under this section; or

40 (b) Using the methodology for property tax purposes as provided under this section for  
41 property consisting of land and buildings and be assessed for all other property exclusively using  
42 the methodology utilized under section 137.122.

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44 If a telephone company begins operations, including a merger of multiple telephone companies,  
45 after August 28, 2018, it shall make its one-time election to be assessed using the methodology  
46 for property tax purposes as described under paragraph (b) of subdivision (1) of this subsection  
47 within the year in which the telephone company begins its operations. A telephone company that  
48 fails to make a timely election shall be deemed to have elected to be assessed using the  
49 methodology for property tax purposes as provided under subsections 1 to 4 of this section.

50 (2) The provisions of this subsection shall not be construed to change the original  
51 assessment jurisdiction of the state tax commission.

52 (3) Nothing in subdivision (1) of this subsection shall be construed as applying to any  
53 other utility.

54 (4) (a) The provisions of this subdivision shall ensure that school districts may avoid  
55 any fiscal impact as a result of a telephone company being assessed under the provisions of  
56 paragraph (b) of subdivision (1) of this subsection. If a school district's current operating levy  
57 is below the greater of its most recent voter-approved tax rate or the most recent voter-approved  
58 tax rate as adjusted under subdivision (2) of subsection 5 of section 137.073, it shall comply with  
59 section 137.073.

60 (b) Beginning January 1, 2019, any school district currently operating at a tax rate equal  
61 to the greater of the most recent voter-approved tax rate or the most recent voter-approved tax  
62 rate as adjusted under subdivision (2) of subsection 5 of section 137.073 that receives less tax  
63 revenue from a specific telephone company under this subsection, on or before January  
64 thirty-first of the year following the tax year in which the school district received less revenue  
65 from a specific telephone company, may by resolution of the school board impose a fee, as  
66 determined under this subsection, in order to obtain such revenue. The resolution shall include  
67 all facts that support the imposition of the fee. If the school district receives voter approval to  
68 raise its tax rate, the district shall no longer impose the fee authorized in this paragraph.

69 (c) Any fee imposed under paragraph (b) of this subdivision shall be determined by  
70 taking the difference between the tax revenue the telephone company paid in the tax year in  
71 question and the tax revenue the telephone company would have paid in such year had it not  
72 made an election under subdivision (1) of this subsection, which shall be calculated by taking  
73 the telephone company valuations in the tax year in question, as determined by the state tax  
74 commission under paragraph (d) of this subdivision, and applying such valuations to the  
75 apportionment process in subsection 2 of section 151.150. The school district shall issue a  
76 billing, as provided in this subdivision, to any such telephone company. A telephone company  
77 shall have forty-five days after receipt of a billing to remit its payment of its portion of the fees  
78 to the school district. Notwithstanding any other provision of law, the issuance or receipt of such  
79 fee shall not be used:

80 a. In determining the amount of state aid that a school district receives under section  
81 163.031;

82 b. In determining the amount that may be collected under a property tax levy by such  
83 district; or

84 c. For any other purpose.

85

86 For the purposes of accounting, a telephone company that issues a payment to a school district  
87 under this subsection shall treat such payment as a tax.

88 (d) When establishing the valuation of a telephone company assessed under paragraph  
89 (b) of subdivision (1) of this subsection, the state tax commission shall also determine the  
90 difference between the assessed value of a telephone company if:

- 91 a. Assessed under paragraph (b) of subdivision (1) of this subsection; and  
92 b. Assessed exclusively under subsections 1 to 4 of this section.

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94 The state tax commission shall then apportion such amount to each county and provide such  
95 information to any school district making a request for such information.

96 (e) This subsection shall expire when no school district is eligible for a fee.

97 6. (1) If any public utility company assessed pursuant to this chapter has ownership of  
98 any real or personal property associated with a project which uses **solar or** wind energy directly  
99 to generate electricity, such **solar or** wind energy project property shall be valued and taxed by  
100 any local authorities having jurisdiction under the provisions of chapter 137 and other relevant  
101 provisions of the law.

102 (2) Notwithstanding any provision of law to the contrary, beginning January 1, 2020, for  
103 any public utility company assessed pursuant to this chapter which has a wind energy project,  
104 such wind energy project shall be assessed using the methodology for real and personal property  
105 as provided in this subsection:

106 (a) Any wind energy property of such company shall be assessed upon the county  
107 assessor's local tax rolls;

108 (b) Any property consisting of land and buildings related to the wind energy project shall  
109 be assessed under chapter 137; and

110 (c) All other business or personal property related to the wind energy project shall be  
111 assessed using the methodology provided under section 137.122.

112 **(3) Notwithstanding any provision of law to the contrary, beginning January 1,**  
113 **2021, for any public utility company assessed under this chapter that has a solar energy**  
114 **project, such solar energy project shall be assessed using the methodology for real and**  
115 **personal property as provided in this subsection:**

116 **(a) Any solar energy property of such company shall be assessed upon the county**  
117 **assessor's local tax rolls; and**

118 **(b) Any real property consisting of land, improvements to the land, improvements**  
119 **attached to the land, and buildings related to the solar energy project shall be assessed**  
120 **under chapter 137.**

153.034. 1. The term "distributable property" of an electric company shall include all  
2 the real or tangible personal property which is used directly in the generation and distribution of  
3 electric power, but not property used as a collateral facility nor property held for purposes other

4 than generation and distribution of electricity. Such distributable property includes, but is not  
5 limited to:

- 6 (1) Boiler plant equipment, turbogenerator units and generators;
- 7 (2) Station equipment;
- 8 (3) Towers, fixtures, poles, conductors, conduit transformers, services and meters;
- 9 (4) Substation equipment and fences;
- 10 (5) Rights-of-way;
- 11 (6) Reactor, reactor plant equipment, and cooling towers;
- 12 (7) Communication equipment used for control of generation and distribution of power;
- 13 (8) Land associated with such distributable property.

14 2. The term "local property" of an electric company shall include all real and tangible  
15 personal property owned, used, leased or otherwise controlled by the electric company not used  
16 directly in the generation and distribution of power and not defined in subsection 1 of this section  
17 as distributable property. Such local property includes, but is not limited to:

- 18 (1) Motor vehicles;
- 19 (2) Construction work in progress;
- 20 (3) Materials and supplies;
- 21 (4) Office furniture, office equipment, and office fixtures;
- 22 (5) Coal piles and nuclear fuel;
- 23 (6) Land held for future use;
- 24 (7) Workshops, warehouses, office buildings and generating plant structures;
- 25 (8) Communication equipment not used for control of generation and distribution of  
26 power;
- 27 (9) Roads, railroads, and bridges;
- 28 (10) Reservoirs, dams, and waterways;
- 29 (11) Land associated with other locally assessed property and all generating plant land.

30 3. (1) Any real or tangible personal property associated with a project which uses **solar**  
31 **or** wind energy directly to generate electricity shall be valued and taxed by local authorities  
32 having jurisdiction under the provisions of chapter 137 and any other relevant provisions of law.  
33 The method of taxation prescribed in subsection 2 of section 153.030 and subsection 1 of this  
34 section shall not apply to such property.

35 (2) The real or tangible personal property referenced in subdivision (1) of this subsection  
36 shall include all equipment whose sole purpose is to support the integration of a wind generation  
37 asset into an existing system. Examples of such property may include, but are not limited to,  
38 wind chargers, windmills, wind turbines, wind towers, and associated electrical equipment such  
39 as inverters, pad mount transformers, power lines, storage equipment directly associated with

40 wind generation assets, and substations. **The real or tangible personal property referenced**  
41 **in subdivision (1) of this subsection shall also include all equipment whose sole purpose is**  
42 **to support the integration of a solar generation asset into an existing system. Examples of**  
43 **such property may include, but are not limited to, solar panels, solar panel mounting racks,**  
44 **and associated electrical equipment such as inverters, battery packs, power meters, power**  
45 **lines, storage equipment directly associated with solar generation assets, and substations.**

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