

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1325H.04C  
Bill No.: HCS # 2 for HBs 440 & HB 1160  
Subject: Utilities; Property, Real and Personal; Taxation and Revenue - Property; State Tax  
Commission; Public Service Commission; Counties  
Type: Original  
Date: April 15, 2025

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Bill Summary: This proposal modifies and creates new provisions relating to utilities.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	\$0 or (\$234,525)	\$0 or (\$281,326)	\$0 or (\$286,187)
<b>Total Estimated Net Effect on General Revenue*</b>	<b>\$0 or (\$234,525)</b>	<b>\$0 or (\$281,326)</b>	<b>\$0 or (\$286,187)</b>

\***Oversight** notes the potential impact for 1 FTE and ITSD costs to Department of Natural Resources for tracking installation of light mitigation technology, issuing and tracking of fines for non-compliance, and for any rulemaking associated with this process.

\***Oversight** assumes this proposal could increase utility costs to state departments and local governments if rate changes are made as a result of these new standards. Oversight assumes this would have an indirect impact and therefore will not show the impact in the fiscal note.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Blind Pension Fund (0621)*	\$0	(Unknown) to Unknown	(Unknown) to Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>

\* Oversight assumes the impact to the Blind Pension Fund and local political subdivisions would result in a change in assessed value and subsequent loss/gain of revenue. Without additional information, Oversight cannot estimate the net impact to the Blind Pension Fund. Oversight assumes the fiscal impact *may* reach the \$250,000 threshold.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
General Revenue Fund (DNR)	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☒ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government</b>	<b>\$0</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **Section 137.016 - Classification of Real Property Used for Energy Production Purposes**

In response to a previous version (HB 1160), officials from the **State Tax Commission (STC)** have reviewed this proposal and determined it would have a negative impact on taxing jurisdictions reliant on property taxes for revenue. The bill requires that agriculture land that is used for the production of electricity for resale, solar farms and windmills, to be assessed as a mixed use property with the portion of land being used for agriculture assessed as ag land and the portion used for energy production as commercial land. The STC is unable to calculate an amount because of the lack of data, but much of the land used to produce energy is currently assessed as commercial land causing the negative impact.

Officials from the **Office of Administration - Budget and Planning (B&P)** note Section 137.016 clarifies that mixed classification property shall be proportionally assessed as agriculture and commercial when the real property is used for energy production. However, this mixed classification requirement shall not apply to solar energy systems in place prior to August 9, 2022.

In response to a previous version (HB 1160), officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would require land used for wind or solar (or other energy generation forms) located on agriculture land to be classified as commercial real property rather than agriculture real property. To the extent that this proposal results in increased property tax assessments, revenues to the Blind Pension Trust fund and local property tax revenues could increase.

In response to a previous version (HB 1160), officials from the **Howell County Assessor** assume this is a positive impact on the assessment process and further defines the conversion of real property from one statutory use to another. This property should be assessed as subclass 3 as it no longer is in production agriculture.

In response to a previous version (HB 1160), officials from the **Metropolitan St. Louis Sewer District - 7B Sewer** assume a fiscal impact of an indeterminate amount.

**Oversight** notes the following assessment value rates by subclass per the State Tax Commission manual:

Subclass	Rate
(1) residential	19%
(2) agricultural and horticultural	12%
(3) utility, industrial, commercial, railroad, and other property	32%

**Oversight** assumes this proposal would require certain land to be assessed at a higher tax rate. Therefore, Oversight assumes this proposal could result in an increase in assessed values and subsequent tax revenues; therefore, Oversight will show an unknown positive impact to the Blind Pension Fund and local political subdivisions.

However, **Oversight** received varied responses regarding the fiscal impact of this provision. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

**Oversight** is uncertain what proportion of assessed value would be reclassified under this proposal.

**Oversight** notes the Blind Pension Fund (0621) is calculated as an annual tax of three cents on each one hundred dollars valuation of taxable property  $((\text{Total Assessed Value}/100) \times .03)$ .

**Oversight** notes to reach a revenue impact of \$250,000 on the Blind Pension Fund would require a change in assessed value of approximately \$830,000,000. Based on information from the State Tax Commission's [website](#), Oversight notes the following assessed values by category:

Subclass	Assessed Value
Agricultural	\$2,008,283,243
Commercial	\$30,214,171,778

### **Section 137.124 - Taxation of Solar Energy Projects**

Officials from the **State Tax Commission (STC)** have reviewed this proposal and determined it will have an unknown negative fiscal impact on school districts and other local taxing jurisdictions (cities, counties and fire districts) who rely on property tax as a source of revenue. The bill establishes that solar energy projects (all real and personal property excluding land) will be assessed at \$2,500 per megawatt, and the land will be assessed as commercial property. This is less than allowed under current law. The effect of the decrease will vary depending on the current methodology an assessor is using to assess solar property. The commission also notes that our current guidance to assessors is for the land for solar farms to be assessed as commercial land.

Therefore, it is believed that the provision requiring the land to be assessed as commercial property is a continuation of current policy and would have minimal effect.

Officials from the **Office of Administration - Budget and Planning (B&P)** note Section 137.124 would require all real and tangible personal property, except land, associated with a solar energy project to be assessed at \$2,500 per megawatt of nameplate capacity. In addition,

solar energy projects may still utilize tax credits or abatements. Land may be assessed at the commercial rate.

Officials from the **Howell County Assessor** note assessors do not assess taxes and have no method to calculate taxes, they appraise and assess property. This will create an issue in complying with current statutory requirements to send valuation change notices and local board of equalization for appeals since the only way to calculate an assessed value for the property in question will be in September of each year and the Assessor closes the assessment roll June 30 annually and the board of equalization closes July 30 annually.

**Oversight** notes this proposal would change the assessment method for equipment associated with a project that uses solar energy directly to generate electricity. Oversight assumes this provision could reduce the assessed value of solar energy properties relative to current law.

**Oversight** doesn't have enough information to estimate a fiscal impact to the Blind Pension Fund or to local political subdivisions from these changes. Therefore, Oversight will show an unknown loss in property tax revenue beginning in FY 2027.

**Oversight** notes to reach a revenue impact of \$250,000 in the Blind Pension Fund would require a change in assessed value of approximately \$830,000,000. This would be approximately a 3.0% change in the assessed value of all commercial property.

#### **Sections 153.030 & 153.034 – Taxation of Solar Energy Projects**

Officials from the **Office of Administration - Budget and Planning (B&P)** note Sections 153.030 and 153.034 require solar energy projects be assessed at the county level. B&P notes that typically, the State Tax Commission assesses public utility companies and property tax collections are distributed to all local jurisdictions by the miles of line contained in their area. Therefore, this provision would limit local tax collections to only the jurisdictions containing the actual solar energy property.

B&P notes that if these sections change how solar property is assessed, these provisions may impact revenues to the Blind Pension Trust Fund (statewide property tax levy of \$0.03 per \$100 value) and revenues to local property tax districts.

**Oversight** assumes that if a public utility has ownership of any real or personal property associated with a project that uses solar energy directly to generate electricity, the property is to be valued and taxed by the local authorities.

**Oversight** assumes this provision would result in the loss of revenue to some local political subdivisions.

### **Section 247.220 - Dissolution of a Public Water Supply District**

In response to a similar proposal this year, (SB 365), officials from the **Kansas City Election Board** state that if an election is held, the cost to conduct an election in the Kansas City portion of Jackson County could be up to \$800,000, depending on when it is called and what other entities participate.

**Oversight** assumes the timing for an election to dissolve a public water supply district would take place during a regular election cycle (April or November) to streamline any election costs that would be impacted. Therefore, Oversight will assume no direct fiscal impact from this proposal.

In response to a similar proposal this year, (SB 365), officials from the **Office of the State Courts Administrator**, the **Department of Natural Resources**, the **Office of the Secretary of State**, the **Jackson County Election Board**, the **Platte County Board of Elections**, the **St. Louis City Board of Elections**, the **St. Louis County Board of Elections**, the **Metropolitan St. Louis Sewer District**, the **Osceola Water/Wastewater District**, the **South River Drainage District** and the **Wayne County PWSD #2** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a similar proposal this year, (SB 365), officials from the **Morgan County PWSD #2** and the **St. Charles County PWSD #2** responded to **Oversight's** request for response but did not provide a fiscal impact statement.

**Oversight** assumes this proposal is changing the decree of dissolution of a public water supply district from a majority of two-thirds of the voters of the district to four-sevenths of the voters of the district. Oversight assumes no fiscal impact for this proposal.

### **Sections 319.015, 319.019, 319.022, 319.024, 319.025, 319.026, 319.027, 319.030, 319.031, 319.034 & 319.035 – Provisions Relating to Underground Facilities**

In response to a similar proposal this year, (HB 752), officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. However, the AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation.

**Oversight** does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

In response to a similar proposal this year, (HB 752), officials from the **Missouri Department of Transportation** and the **Office of Administration** both assume the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal, SB 133 (2024), officials from the **Office of the State Courts Administrator** assumed the proposal would have no fiscal impact on their organization.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

### **Section 393.1120 - Solar Energy Project Restrictions**

Officials from the **Office of Administration - Budget and Planning (B&P)** note Section 393.1120 requires new projects over 5 MW to include setbacks from certain properties.

### **Section 393.2600 - Requires wind energy systems to apply to the FAA for light-mitigating technology**

In response to a similar proposal this year, (HCS for HB Nos. 1263 & 1124), officials from the **Office of Administration - Facilities Management, Design and Construction (FMDC)** assumed that this bill could increase utility costs to all state departments and local governments if rate changes are made. Without additional information, FMDC is unable to accurately calculate the impact of this bill; therefore, the impact is \$0 to unknown

FMDC notes the impact is due to any costs associated with the installation, implementation, operation, and maintenance of a light-mitigating technology system shall be the responsibility of the developer, owner, or operator of the wind energy conversion system. These costs could then be passed on to the consumer. Additional costs could be added if the developer, owner, or operator does not install the technology in the appropriate timeframe as those costs could be passed on.

**Oversight** assumes this proposal could increase utility costs to state departments and local governments if rate changes are made as a result of these new standards. Oversight assumes this would have an indirect impact and therefore will not show the impact in the fiscal note.

Officials from **Department of Natural Resources (DNR)**, state the Division of Energy is not specifically recognized in the bill language as the agency under DNR responsible for administering fines to developers, owners, or operators of wind energy conversion systems who fail to install light-mitigating technology. If it is decided that the Division of Energy will be the designated agency, there will be a cost to the Division for tracking installation of light mitigation technology, issuing and tracking of fines for non-compliance, and for any rulemaking associated with this process.

DNR states Section §393.2600.7 requires “Any developer, owner, or operator of a wind energy conversion system that is approved to install light-mitigating technology but does not install such approved light-mitigating technology in the time frames established in subsections 3 and 5 of this

section shall be liable for a fine of five thousand dollars per day per wind turbine until the developer, owner, or operator installs the light-mitigating technology as approved.”

Requirements of staff time and resources include tracking timely installation of light-mitigating technology, establishing a uniform schedule for submitting notice of delay to the Division of Energy, tracking fines owed and establishing a method of collection, and promulgating rules and regulations for the administration of these requirements. As of February 2025, there are 1,108 wind turbines in the State of Missouri. Construction for these started in 2007 for an average number of 61 turbines constructed per year.

The Division of Energy is a policy driven division and if we were responsible for implementing this provision, it would move us to a regulatory division. The fiscal impact would be approximately \$242,510 for the first year. The breakdown is as follows:

- 1 Environmental Program Specialist at \$68,381 and associated fringe
- Legal support totaling \$7,870 (10% of an FTE of salary \$78,701) and associated fringe for the rulemaking process.
- Office equipment and set-up \$4,425
- Ongoing Expense and Equipment \$1,286
- ITSD Database creation and maintenance \$141,667

Upon further inquiry, DNR does not have a way to estimate how many might be planned to be installed after August 28, 2025; but it may be possible to estimate whether the regulated utilities are planning any through the Integrated Resource Plans that they submit to PSC.

DNR also states that the expected capacity for Ameren between 2026 and 2035 is 2,000 MW, but unclear where that will be & cannot say how many turbines that would equal.

**Oversight** assumes the DNR is provided with core funding to handle a certain amount of activity each year. Oversight assumes the DNR could absorb the costs related to the legal counsel support. If multiple bills pass which require additional staffing and duties at substantial costs, DNR could request funding through the appropriation process. Therefore, Oversight will only reflect the 1 FTE for the Environmental Program Specialist requested.

**Oversight** notes that §393.2600.7 states “Any developer, owner, or operator of a wind energy conversion system that is approved to install light-mitigating technology but does not install such approved light-mitigating technology in the time frames established in subsections 3 and 5 of this section shall be liable for a fine of five thousand dollars per day per wind turbine until the developer, owner, or operator installs the light-mitigating technology as approved.”

**Oversight** notes that Article IX, Section 7 of the Missouri Constitution requires fines to be distributed to the school district where the violation occurred; therefore, Oversight will reflect a positive fiscal impact of \$0 to Unknown to local school districts on the fiscal note. Therefore, Oversight will reflect a zero (compliant) or unknown revenue gain for the collection of fines in the fiscal note.



**Oversight** notes Section 393.2600.6 states any costs associated with the installation, implementation, operation, and maintenance of a light-mitigating technology system shall be the responsibility of the developer, owner, or operator of the wind energy conversion system.

In response to a similar proposal this year, (HB 1124), officials from the **Department of Commerce and Insurance**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **City of Kansas City** and the **South River Drainage District - 7D Levee** each assume the proposal will have no fiscal impact on their respective organizations.

In response to similar legislation, HB 1263 (2025), officials from the **Morgan County PWSB #2** stated that this has no impact since the district is a small public utility company.

In response to similar legislation, HB 1263 (2025), officials from the **Metropolitan St. Louis Sewer District - 7B Sewer**, the **Osceola Water/Wastewater**, and the **Wayne County PWSB #2** each assumed the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes Section 393.2600.6 states any costs associated with the installation, implementation, operation, and maintenance of a light-mitigating technology system shall be the responsibility of the developer, owner, or operator of the wind energy conversion system. Therefore, Oversight will reflect a zero impact on the fiscal note.

#### **Section 523.010 – Condemnation of Land by Certain Utilities**

In response to a similar proposal this year, (SB 199), officials from the **Office of the State Courts Administrator**, the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Natural Resources**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Office of Administration**, **Kansas City** and **O’Fallon** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a similar proposal this year, (SB 199), officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. However, the AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation.

**Oversight** does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

#### **Responses regarding the proposed legislation as a whole**

Officials from the **City of Kansas City** and the **City of Osceola** each assume the proposed bill has a fiscal impact of an indeterminate amount.

**Officials from the Osceola Water/Wastewater district** assume the proposed bill has a fiscal impact of an indeterminate amount.

Officials from the **Adair County SB 40 DD Board** assume a reduction in funding from personal property and/or real property taxes would have significant consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as Adair County SB40 Developmental Disability Board assess local needs and nurture a strong network of high-quality services that are essential to over 465 people with IDD and their families.

These services, supported by personal property taxes, include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the overall fabric of our community, fostering a more equitable and inclusive society.

The broader implications for individuals, families, and the community must be carefully considered before any changes to the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **Department of Social Services, Department of Commerce and Insurance, Missouri Department of Transportation, Office of the State Courts Administrator, Newton County Health Department, Phelps County Sheriff, Branson Police Dept, St. Louis County Police Dept, Public Education Employees' Retirement System (PSRS/PEERS), South River Drainage District - 7D Levee, City of O'Fallon, Sheriff's Retirement System, Kansas City Public School Retirement System**, and the **Wayne County Pwsd #2** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE FUND</b>			
<u>Costs</u> – §393.2600 - DNR	\$0 or	\$0 or	\$0 or
Personal service	(\$52,818)	(\$64,649)	(\$65,492)
Fringe benefits	(\$34,329)	(\$41,703)	(\$42,222)
Equipment and expense	(\$5,711)	(\$1,574)	(\$1,605)
<u>Total Costs</u> – DNR	<u>(\$92,858)</u>	<u>(\$107,926)</u>	<u>(\$109,319)</u>
FTE Change - DNR	1 FTE	1 FTE	1 FTE
<u>Costs</u> – §393.2600 - DNR - ITSD Database creation and maintenance	\$0 or (\$141,667)	\$0 or (\$173,400)	\$0 or (\$176,868)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b>\$0 or <u>(\$234,525)</u></b>	<b>\$0 or <u>(\$281,326)</u></b>	<b>\$0 or <u>(\$286,187)</u></b>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE
<b>BLIND PENSION FUND</b>			
<u>Revenue Gain</u> - §137.016 – gain of tax revenue from the reclassification of certain agriculture land	\$0	Unknown	Unknown
<u>Revenue Loss</u> - §137.124 - Assessment changes to real or personal property associated with a solar energy project	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON THE BLIND PENSION FUND</b>	<b><u>\$0</u></b>	<b><u>(Unknown) to Unknown</u></b>	<b><u>(Unknown) to Unknown</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Gain</u> - §137.016 – gain of tax revenue from the reclassification of certain agriculture land	\$0	Unknown	Unknown
<u>Revenue Loss</u> - §137.124 - Assessment changes to real or personal property associated with a solar energy project	\$0	(Unknown)	(Unknown)
<u>Revenue Loss</u> - §153.030 & 153.034 – loss of revenue from no longer being centrally assessed and distributed	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>(Unknown) to Unknown</u></b>	<b><u>(Unknown) to Unknown</u></b>

#### FISCAL IMPACT – Small Business

**Oversight** assumes there could be a fiscal impact on small businesses if tax rates/taxes are adjusted relative to changes in assessed values.

#### FISCAL DESCRIPTION

The proposed legislation modifies and creates new provisions relating to utilities.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Missouri Department of Conservation  
 Missouri Department of Transportation  
 Department of Commerce and Insurance  
 Department of Economic Development  
 Department of Natural Resources  
 State Tax Commission  
 Public Education Employees' Retirement System (PSRS/PEERS)

Branson Police Dept  
City of Kansas City  
City of O'Fallon  
City of Osceola  
Office of Administration:  
    Budget and Planning  
    Facilities Management, Design and Construction (FMDC)  
Office of Attorney General (AGO)  
Office of the Secretary of State  
Office of the State Courts Administrator  
Howell County Assessor  
Jackson County Election Board  
Kansas City Election Board  
Kansas City Public School Retirement System  
Metropolitan St. Louis Sewer District  
Morgan County PWSD #2  
Newton County Health Department  
Osceola Water/Wastewater District  
Phelps County Sheriff  
Platte County Board of Elections  
Public Education Employees' Retirement System (PSRS/PEERS)  
Sheriff's Retirement System  
South River Drainage District - 7D Levee  
St. Charles County PWSD #2  
St. Louis City Board of Elections  
St. Louis County Board of Elections  
St. Louis County Police Dept  
Wayne County PWSD #2



Julie Morff  
Director  
April 15, 2025



Jessica Harris  
Assistant Director  
April 15, 2025