

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2033H.02I
Bill No.: HB 846
Subject: Utilities; Energy
Type: Original
Date: February 17, 2025

Bill Summary: This proposal modifies provisions for solar energy systems.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Public Service Commission Fund (0607)*	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown

***Oversight** assumes that the Department of Commerce and Insurance – Public Works Commission could have an unknown negative effect (incoming inspection and permitting fees does not cover the new software updates) to an unknown positive effect (incoming inspection and permitting fees does cover the new software and software upkeep)
Oversight does not anticipate the net effect to meet the \$250,000 threshold.
Numbers within parentheses: () indicate costs or losses.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

☐ 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 386.890 & 442.404 - Net Metering & Easy Connection Act

Officials from the **Department of Commerce and Insurance – Public Works Commission (PSC)** state that the bill requires the PSC to promulgate rules within six months of January 1, 2026 and that generally isn't possible because statutes require the PSC to conduct public hearings when promulgating rules, making it about a nine month process.

The **PSC** assumes the fiscal impact on the Public Service Commission will be unknown because it is uncertain if the fees would cover the costs of purchasing and maintaining the software needed to carry out the requirements of the bill.

Oversight notes that by January 1, 2026, the PSC must create a unified solar permit and inspection form and automated permitting and inspection software for solar energy devices. Permitting and inspection authorities must use the software and collect fees from applicants for solar energy device permits. Therefore, Oversight will reflect a \$0 to an unknown cost to the Public Service Commission Fund as well as the potential revenue generated from fees as \$0 to an unknown in the fiscal note.

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.

Officials from the **Department of Natural Resources**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Office of Administration**, the **Missouri House of Representatives**, and the **Missouri Senate** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local agencies were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
PUBLIC SERVICE COMMISSION FUND (0607)			
<u>Cost – DCI-PSC §386.890 & 442.404 Purchase/Maintaining Permitting & Inspection Software – p. 3</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Revenue - DCI-PSC §386.890 & 442.404 Fees from Solar Permitting and Inspection p.3</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT TO THE PUBLIC SERVICE COMMISSION FUND	(Unknown) to <u>Unknown</u>	(Unknown) to <u>Unknown</u>	(Unknown) to <u>Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill increases the allowable capacity of an electrical generating system that qualifies for net metering under the Net Metering and Easy Connect Act from 100 kilowatts to 1,000 kilowatts and requires the electrical generating system to meet the requirements of a uniformed solar permit and inspection form.

Currently, a retail electrical supplier must make net-metering available until the total capacity of net metering systems equals 5% of the supplier's total peak load during the previous year. The bill increases the net metering capacity to 15% of a retail electrical supplier total peak load.

Currently the customer generator is to be credited an amount equal to the avoided fuel cost of the excess electricity generated by the customer during the billing period, with the credit applied to the following billing period. The bill changes the credit to the retail electric cost of the excess electricity generated by the customer during the billing period, with the credit applied anytime during the next 12-month period.

Currently, systems of 10 kilowatts or less are exempt from certain requirements and standards. This bill increases the size of systems that are exempt to 100 kilowatts.

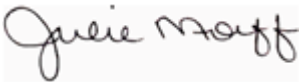
By January 1, 2026, the Public Service Commission must create a unified solar permit and inspection form and automated permitting and inspection software for solar energy devices. Permitting and inspection authorities must use the software and collect fees from applicants for solar energy device permits.

The bill also requires homeowners' associations to deny or request resubmission of applications for solar panels or collectors within 30 days of receipt of the request or the application is considered approved. Homeowners' associations can not require applications for solar panels or collectors to be approved by a committee that addresses architectural or aesthetic qualities.

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

Attorney General's Office
Department of Commerce and Insurance
Department of Natural Resources
Missouri Department of Conservation
Missouri Department of Transportation
Office of Administration
Office of the Secretary of State
Missouri House of Representatives
Missouri Senate
Joint Committee on Administrative Rules



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February 17, 2025



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February 17, 2025