

FIRST REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NOS. 440 & 1160**  
**103RD GENERAL ASSEMBLY**

1325H.02C

JOSEPH ENGLER, Chief Clerk

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**AN ACT**

To repeal sections 137.016, 153.030, and 153.034, RSMo, and to enact in lieu thereof five new sections relating to energy production projects.

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

Section A. Sections 137.016, 153.030, and 153.034, RSMo, are repealed and five new  
2 sections enacted in lieu thereof, to be known as sections 137.016, 137.124, 153.030, 153.034,  
3 and 393.1120, to read as follows:

137.016. 1. As used in Section 4(b) of Article X of the Missouri Constitution, the  
2 following terms mean:

3 (1) "Residential property", all real property improved by a structure which is used or  
4 intended to be used for residential living by human occupants, vacant land in connection with  
5 an airport, land used as a golf course, manufactured home parks, bed and breakfast inns in  
6 which the owner resides and uses as a primary residence with six or fewer rooms for rent, and  
7 time-share units as defined in section 407.600, except to the extent such units are actually  
8 rented and subject to sales tax under subdivision (6) of subsection 1 of section 144.020, but  
9 residential property shall not include other similar facilities used primarily for transient  
10 housing. For the purposes of this section, "transient housing" means all rooms available for  
11 rent or lease for which the receipts from the rent or lease of such rooms are subject to state  
12 sales tax pursuant to subdivision (6) of subsection 1 of section 144.020;

13 (2) "Agricultural and horticultural property", all real property used for agricultural  
14 purposes and devoted primarily to the raising and harvesting of crops; to the feeding,  
15 breeding and management of livestock which shall include breeding, showing, and boarding  
16 of horses; to dairying, or to any other combination thereof; and buildings and structures  
17 customarily associated with farming, agricultural, and horticultural uses. Agricultural and

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.

18 horticultural property shall also include land devoted to and qualifying for payments or other  
19 compensation under a soil conservation or agricultural assistance program under an  
20 agreement with an agency of the federal government. Agricultural and horticultural property  
21 shall further include any reliever airport. Real property classified as forest croplands shall not  
22 be agricultural or horticultural property so long as it is classified as forest croplands and shall  
23 be taxed in accordance with the laws enacted to implement Section 7 of Article X of the  
24 Missouri Constitution. Agricultural and horticultural property shall also include any sawmill  
25 or planing mill defined in the U.S. Department of Labor's Standard Industrial Classification  
26 (SIC) Manual under Industry Group 242 with the SIC number 2421. Agricultural and  
27 horticultural property shall also include urban and community gardens. For the purposes of  
28 this section, "urban and community gardens" shall include real property cultivated by  
29 residents of a neighborhood or community for the purposes of providing agricultural  
30 products, as defined in section 262.900, for the use of residents of the neighborhood or  
31 community, and shall not include a garden intended for individual or personal use;

32 (3) "Utility, industrial, commercial, railroad and other real property", all real property  
33 used directly or indirectly for any commercial, mining, industrial, manufacturing, trade,  
34 professional, business, or similar purpose, including all property centrally assessed by the  
35 state tax commission but shall not include floating docks, portions of which are separately  
36 owned and the remainder of which is designated for common ownership and in which no one  
37 person or business entity owns more than five individual units. All other real property not  
38 included in the property listed in subclasses (1) and (2) of Section 4(b) of Article X of the  
39 Missouri Constitution, as such property is defined in this section, shall be deemed to be  
40 included in the term "utility, industrial, commercial, railroad and other real property".

41 2. Pursuant to Article X of the state Constitution, any taxing district may adjust its  
42 operating levy to recoup any loss of property tax revenue, except revenues from the surtax  
43 imposed pursuant to Article X, Subsection 2 of Section 6 of the Constitution, as the result of  
44 changing the classification of structures intended to be used for residential living by human  
45 occupants which contain five or more dwelling units if such adjustment of the levy does not  
46 exceed the highest tax rate in effect subsequent to the 1980 tax year. For purposes of this  
47 section, loss in revenue shall include the difference between the revenue that would have been  
48 collected on such property under its classification prior to enactment of this section and the  
49 amount to be collected under its classification under this section. The county assessor of each  
50 county or city not within a county shall provide information to each taxing district within its  
51 boundaries regarding the difference in assessed valuation of such property as the result of  
52 such change in classification.

53           3. All reclassification of property as the result of changing the classification of  
54 structures intended to be used for residential living by human occupants which contain five or  
55 more dwelling units shall apply to assessments made after December 31, 1994.

56           4. Where real property is used or held for use for more than one purpose and such  
57 uses result in different classifications, the county assessor shall allocate to each classification  
58 the percentage of the true value in money of the property devoted to each use; except that,  
59 where agricultural and horticultural property, as defined in this section, also contains a  
60 dwelling unit or units, the farm dwelling, appurtenant residential-related structures and up to  
61 five acres immediately surrounding such farm dwelling shall be residential property, as  
62 defined in this section, provided that the portion of property used or held for use as an urban  
63 and community garden shall not be residential property. This subsection shall not apply to  
64 any reliever airport. **The provisions of this subsection shall be construed to apply to any**  
65 **portion of real property in subclass (2) used for the purpose of energy production**  
66 **activities for resale to be proportionally calculated, assessed, and reclassified as subclass**  
67 **(3) real property.**

68           5. All real property which is vacant, unused, or held for future use; which is used for a  
69 private club, a not-for-profit or other nonexempt lodge, club, business, trade, service  
70 organization, or similar entity; or for which a determination as to its classification cannot be  
71 made under the definitions set out in subsection 1 of this section, shall be classified according  
72 to its immediate most suitable economic use, which use shall be determined after  
73 consideration of:

74           (1) Immediate prior use, if any, of such property;

75           (2) Location of such property;

76           (3) Zoning classification of such property; except that, such zoning classification  
77 shall not be considered conclusive if, upon consideration of all factors, it is determined that  
78 such zoning classification does not reflect the immediate most suitable economic use of the  
79 property;

80           (4) Other legal restrictions on the use of such property;

81           (5) Availability of water, electricity, gas, sewers, street lighting, and other public  
82 services for such property;

83           (6) Size of such property;

84           (7) Access of such property to public thoroughfares; and

85           (8) Any other factors relevant to a determination of the immediate most suitable  
86 economic use of such property.

87           6. All lands classified as forest croplands shall not, for taxation purposes, be  
88 classified as subclass (1), subclass (2), or subclass (3) real property, as such classes are  
89 prescribed in Section 4(b) of Article X of the Missouri Constitution and defined in this

90 section, but shall be taxed in accordance with the laws enacted to implement Section 7 of  
91 Article X of the Missouri Constitution.

**137.124. 1. Beginning January 1, 2026, for purposes of assessing all real  
2 property, excluding land, or tangible personal property associated with a project that  
3 uses solar energy directly to generate electricity and that was built or was contracted to  
4 sell power, the tax liability actually owed shall be equal to two thousand five hundred  
5 dollars per megawatt of nameplate capacity.**

**6 2. Nothing in this section shall be construed to prohibit a project from engaging  
7 in enhanced enterprise zone agreements under sections 135.950 to 135.973 or similar tax  
8 abatement agreements with state or local officials or to affect any existing enhanced  
9 enterprise zone agreements. Nothing in this section shall be construed to apply to  
10 agreements authorized under chapter 100.**

**11 3. Beginning January 1, 2026, for the purposes of assessing land that is  
12 associated with a project that uses solar energy directly to generate electricity in excess  
13 of five megawatts, such real property shall be classified as subclass (3) real property and  
14 assessed as commercial property under this chapter.**

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

**10 2. ~~And~~ Taxes levied ~~thereon~~ under subsection 1 of this section shall be levied  
11 and collected in the manner as is now or may hereafter be provided by law for the taxation of  
12 railroad property in this state, and county commissions, county boards of equalization and the  
13 state tax commission are hereby required to perform the same duties and are given the same  
14 powers, including punitive powers, in assessing, equalizing and adjusting the taxes on the  
15 property set forth in this section as the county commissions and boards of equalization and  
16 state tax commission have or may hereafter be empowered with, in assessing, equalizing, and  
17 adjusting the taxes on railroad property; and an authorized officer of any such bridge,  
18 telegraph, telephone, electric power and light companies, electric transmission lines, pipeline  
19 companies, or express company or the owner of any such toll bridge, is hereby required to  
20 render reports of the property of such bridge, telegraph, telephone, electric power and light  
21 companies, electric transmission lines, pipeline companies, or express companies in like**

22 manner as the authorized officer of the railroad company is now or may hereafter be required  
23 to render for the taxation of railroad property.

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

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

38 5. (1) Notwithstanding any provision of law to the contrary, beginning January 1,  
39 2019, a telephone company shall make a one-time election within the tax year to be assessed:

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

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

45

46 If a telephone company begins operations, including a merger of multiple telephone  
47 companies, after August 28, 2018, it shall make its one-time election to be assessed using the  
48 methodology for property tax purposes as described under paragraph (b) of subdivision (1) of  
49 this subsection within the year in which the telephone company begins its operations. A  
50 telephone company that fails to make a timely election shall be deemed to have elected to be  
51 assessed using the methodology for property tax purposes as provided under subsections 1 to  
52 4 of this section.

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

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

57 (4) (a) The provisions of this subdivision shall ensure that school districts may avoid  
58 any fiscal impact as a result of a telephone company being assessed under the provisions of

59 paragraph (b) of subdivision (1) of this subsection. If a school district's current operating levy  
60 is below the greater of its most recent voter-approved tax rate or the most recent voter-  
61 approved tax rate as adjusted under subdivision (2) of subsection 5 of section 137.073, it shall  
62 comply with section 137.073.

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

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

84 a. In determining the amount of state aid that a school district receives under section  
85 163.031;

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

88 c. For any other purpose.

89

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

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

95 a. Assessed under paragraph (b) of subdivision (1) of this subsection; and

96           b. Assessed exclusively under subsections 1 to 4 of this section.

97

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

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

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

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

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

112           (b) All other real property, excluding land, or personal property related to the wind  
113   energy project shall be assessed using the methodology provided under section 137.123.

114           **(3) Notwithstanding any other provision of law to the contrary, beginning**  
115   **January 1, 2026, for any public utility company assessed under this chapter that has a**  
116   **solar energy project, such solar energy project shall be assessed using the methodology**  
117   **for real and personal property as provided in this subsection:**

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

120           (b) All other real property, excluding land, or personal property related to the  
121   solar energy project shall be assessed using the methodology provided under section  
122   **137.124.**

123

124   **Nothing in this subdivision shall be construed to apply to agreements authorized under**  
125   **chapter 100.**

126           7. (1) If any public utility company assessed pursuant to this chapter has ownership  
127   of any real or personal property associated with a generation project which was originally  
128   constructed utilizing financing authorized pursuant to chapter 100 for construction, upon the  
129   transfer of ownership of such property to the public utility company such property shall be  
130   valued and taxed by any local authorities having jurisdiction under the provisions of chapter  
131   137 and other relevant provisions of law.

132 (2) Notwithstanding any provision of law to the contrary, beginning January 1, 2022,  
133 for any public utility company assessed pursuant to this chapter which has ownership of any  
134 real or personal property associated with a generation project which was originally  
135 constructed utilizing financing authorized pursuant to chapter 100 for construction, upon the  
136 transfer of ownership of such property to the public utility company such property shall be  
137 assessed as follows:

138 (a) Any property associated with a generation project which was originally  
139 constructed utilizing financing authorized pursuant to chapter 100 for construction shall be  
140 assessed upon the county assessor's local tax rolls. The assessor shall rely on the public utility  
141 company for cost information of the generation portion of the property as found in the public  
142 utility company's Federal Energy Regulatory Commission Financial Report Form Number  
143 One at the time of transfer of ownership, and depreciate the costs provided in a manner  
144 similar to other commercial and industrial property;

145 (b) Any property consisting of land and buildings related to the generation property  
146 associated with a generation project which was originally constructed utilizing financing  
147 pursuant to chapter 100 for construction shall be assessed under chapter 137; and

148 (c) All other business or personal property related to a generation project which was  
149 originally constructed utilizing financing pursuant to chapter 100 for construction shall be  
150 assessed using the methodology provided under section 137.122.

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  
3 of electric power, but not property used as a collateral facility nor property held for purposes  
4 other than generation and distribution of electricity. Such distributable property includes, but  
5 is not 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  
13 power;
- 14 (8) Land associated with such distributable property.

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

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

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

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

43 **(3) The real or tangible personal property referenced in subdivision (1) of this**  
44 **subsection shall also include all equipment whose sole purpose is to support the**  
45 **integration of a solar generation asset into an existing system. Examples of such**  
46 **property may include, but are not limited to, solar panels, solar panel mounting racks,**  
47 **and associated electrical equipment such as inverters, battery packs, power meters,**  
48 **power lines, storage equipment directly associated with solar generation assets, and**  
49 **substations. Nothing in this subdivision shall be construed to apply to agreements**  
50 **authorized under chapter 100 or to solar photovoltaic energy systems, as described in**  
51 **subdivision (46) of subsection 2 of section 144.030, that were constructed and producing**  
52 **solar energy prior to August 9, 2022.**

53 4. For any real or tangible personal property associated with a generation project  
54 which was originally constructed utilizing financing authorized under chapter 100 for  
55 construction, upon the transfer of ownership of such property to a public utility, such property

56 shall be valued and taxed by local authorities having jurisdiction under the provisions of  
57 chapter 137 and any other relevant provisions of law. The method of taxation prescribed in  
58 subsection 2 of section 153.030 and subsection 1 of this section shall not apply to such  
59 property.

**393.1120. 1. A county commission may choose to opt-in to a provision to limit  
2 the total amount of real property associated with all solar energy projects that are  
3 established in a county not to exceed an amount greater than four percent of all  
4 cropland in such county, as determined by the most recent U.S Department of  
5 Agriculture's Census of Agriculture. Acres owned by utilities or electrical corporations  
6 shall be exempt from the four percent county calculation. The acreage shall be  
7 determined by the perimeter of the actual solar panels. A county commission adopting  
8 the four percent limit option allowed under this subsection shall set up the procedures  
9 for solar companies to apply under the opt-in and shall administer its compliance with a  
10 severability clause.**

**11 2. For the purpose of setbacks and the four percent limit, the opt-in order or  
12 ordinance shall be adopted upon a majority vote of the county commission and shall also  
13 contain language relating to setback distances. If a county utilizes planning and zoning,  
14 the local planning and zoning rules shall supersede these provisions of the law.**

**15 3. For all solar energy projects built on or after January 1, 2026, such project  
16 shall be subject to setback distances of at least five hundred feet from the nearest  
17 occupied dwelling, church, or school in existence at the time of construction, as  
18 measured from the nearest solar panel to the nearest occupied dwelling, church, or  
19 school. Such distances shall not apply to homeowners who have received a written  
20 agreement between the project and the property owners that has been signed by all  
21 affected property owners within the setback distance. This subsection shall not apply to  
22 solar energy projects built and operating at capacity on or before December 31, 2025.**

**23 4. A solar energy company shall secure, through purchase or contract, all  
24 property rights or easements necessary for transmission and interconnection for the  
25 solar energy project to connect to the electrical grid prior to beginning construction of  
26 the solar energy project.**

**27 5. Nothing in this section shall be construed to apply to agreements authorized  
28 under chapter 100.**

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