

HCS HBs 440 & 1160 -- SOLAR ENERGY PROJECTS

SPONSOR: Haden

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Special Committee on Tax Reform by a vote of 9 to 0.

The following is a summary of the House Committee Substitute for HB 440.

Currently, where real property is used for more than one purposes resulting in different classifications, the county Assessor must allocate to each classification the percentage of the true value in money for the property devoted to each use. This bill specifies that any property classified as agricultural property that is used for the purpose of energy production activities for resale must be proportionally calculated, assessed, and reclassified as commercial property.

Beginning January 1, 2026, for purposes of assessing all real property, excluding land, or tangible personal property associated with a project that uses solar energy directly to generate electricity, the tax liability will be equal to \$2500 per megawatt of nameplate capacity. All land associated with the project that used solar energy will be assessed as commercial property. This does not prohibit a project from engaging in enhanced enterprise zone agreements or certain abatement agreements, and it does not apply to agreements authorized under chapter 100.

Beginning January 1, 2026, land associated with a solar energy project that uses solar energy directly to generate electricity in excess of five megawatts must be classified as subclass (3) real property and assessed as commercial property. This bill also provides that, for certain public utility companies that have a solar energy project, the solar energy project must be assessed using a specific methodology. This does not apply to agreements authorized under chapter 100.

The bill also provides that for real or tangible personal property associated with a project which uses solar or wind energy to generate electricity, including equipment used to support the integration of a solar generation asset into an existing system, must be valued and taxed by local authorities. This does not apply to certain photovoltaic energy systems or to agreements authorized under chapter 100.

This bill provides that a county commission can choose to opt-in to the provision to that limits the total amount of real property associated with all solar energy projects in the county to 4% of

all cropland in the county or less. Acres owned by utilities or electrical corporations must not be included in the 4% county calculation. The acreage is determined by the perimeter of the actual solar panels. County commissions choosing to adopt the 4% limit option must have procedures and a severability clause in those procedures.

For all solar energy projects built on or after January 1, 2026, the project will be subject to certain setbacks specified in the bill as measured from the nearest occupied dwelling, church, or school to the perimeter of the nearest solar panel. This setback must not apply to an official agreement between the project and the property owner. This setback does not apply to solar energy projects built and operating at capacity on or before December 31, 2025, or to agreements authorized under chapter 100.

A solar energy company must secure all property rights or easements necessary for transmission and interconnection to the electrical grid prior to construction of a solar energy project.

This bill is similar to HCS HB 2651 (2025).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that the bill attempts to negotiate with solar bills and solar energy, and it addressed how solar facilities are taxed. Supporters also say the bill will provide for fairness in how land used for certain solar energy projects will be appropriately assessed as commercial rather than agricultural. Supporters say the bill allows for more consistency because, currently, solar energy companies are not paying their fair tax load. Supporters also say the energy generating sources will be assessed at a local level.

Testifying in person for the bill were Representative Haden; Leslie Meyer, Audrain County; Gary Jungermann; Kenneth Twillman, Twillman Feed Service LLC; John Burns; Arnie Dienoff; Missouri Farm Bureau; Andy Ekton; Greg Westhusing; Charles Greg Crawford.

OPPONENTS: Those who oppose the bill say that the bill conflicts with legislation regarding setbacks. The large setbacks in the bill will lead to more land being pulled from other acres that are meant for food production. Opponents also state that investments have already been made in these projects, so there will need to be some transition period or grandfather condition before needing to make material modifications.

Testifying in person against the bill were Arevon Energy; Ameren Missouri; Susan Burns; David Bunge, Azimuth Renewables, LLC; Clean Grid Alliance; Missouri Solar Energy Industries Association (MOSEIA).

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.