

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6276H.011  
Bill No.: HB 2816  
Subject: Utilities; Property, Real and Personal; Taxation and Revenue - Property; State Tax Commission; Public Service Commission; Counties  
Type: Original  
Date: February 3, 2026

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

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on General Revenue*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Blind Pension Fund (1621)*	\$0	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\* Oversight assumes the fiscal impact *may* reach the \$250,000 threshold.  
Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</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.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Local Government</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §137.016 - Classification of Land Used for Energy Production Purposes

Officials from the **Office of Administration - Budget and Planning** note this provision clarifies that mixed classification property shall be proportionally assessed as agriculture and commercial when the real property is used for energy production.

In response to a similar proposal, HB 2402 (2026), officials from the **State Tax Commission** note that their 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.

Based on the STC's response, **Oversight** assumes this provision would have minimal effect on the Blind Pension Fund and local political subdivisions. Therefore, Oversight will not show an impact in the fiscal note from this provision.

#### §137.115 – Assessment of Solar Property Before August 2022

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this provision allows all solar property, not just those in place before August 9, 2022, to be assessed at 5%.

#### §137.124 - Taxation of Solar Energy Projects

Officials from the **Office of Administration - Budget and Planning** note this provision 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. With the \$2,500 assessment shall be adjusted annually for changes to the CPI. B&P notes that this adjustment is not limited to only increases in the CPI; therefore, it is possible that during deflation the \$2,500 assessment could be reduced. In addition, solar energy projects may still utilize tax credits or abatements. Land may be assessed at the commercial rate.

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.

**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 2028.

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.

#### §§153.030 & 153.034 – Taxation of Solar Energy Projects

Officials from the **Office of Administration - Budget and Planning** assume 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.

**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.

#### §393.1120 - Limits on Total Solar Project Acreage

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.

**Oversight** assumes this provision allows counties to opt into a restriction limiting the total amount of land used for solar energy projects to no more than 4 % of cropland and to adopt setback requirements.

Oversight does not anticipate a fiscal impact from this provision. However, Oversight received a limited number of responses from local political subdivisions related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

Responses regarding the proposed legislation as a whole

Officials from the **Office of Administration - Budget and Planning (B&P)** note 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.

Officials from the **City of Kansas City** assume the proposed legislation has an indeterminate fiscal impact.

Officials from the **City of St. Louis Assessor's Office** state the fiscal impact is unknown. They are aware of one solar project to sell power, owned by Ameren UE and generates 200 Kw. The project is on land owned by a different entity. Through Ameren's reporting, they are unable to tell how much this project is reported as costing. However, personal property solar panels and equipment are currently taxed at 33 and one third percent. This legislation would change the valuation to either personal property at 5% (six times less than the current amount). If real estate, the assessed value would be 1/5 of \$2,500 of megawatt capacity or \$500 assessed value. In either case, the valuation of the property will likely decrease substantially though the fiscal impact is unknown.

The City has a few other solar arrays on top of buildings, both real and personal property, and those values/taxes would decrease substantially. As they do not keep records as to which properties have solar panels and equipment, they are unable to determine a fiscal note in such a short time.

Officials from the **Metropolitan St. Louis Sewer District - 7B Sewer** assumes the proposed legislation will impact MSD to the extent it modifies the ad valorem tax revenue the district is able to collect.

Officials from the **County Employees' Retirement Fund (CERF)** have reviewed HB 2816 (6276H.011). There is insufficient data to quantify HB 2816's exact impact. HB 2816 may have an unknown impact to the County Employees' Retirement Fund.

Officials from the **Adair County SB 40 DD Board** assume a reduction in funding from personal and/or real property taxes would have a direct and significant impact on the essential supports provided by the Adair County SB40 Developmental Disability Board. SB40 funding enables the board's local system to assess community needs and sustain a coordinated network of services that currently support approximately 465 individuals with intellectual and developmental disabilities and their families across Adair County.

Officials from **Boone County SB 40 Board** state a reduction in funding from personal property and real property taxes would have profound consequences for individuals with intellectual and developmental disabilities (IDD), limiting access to the essential supports they depend on. County Boards—also known as Senate Bill 40 organizations—such as Boone County Family

Resources (BCFR) play a vital role in assessing local needs and cultivating a strong network of high-quality services for more than 2,400 Boone County residents with developmental disabilities and their families.

In Boone County alone, BCFR receives approximately \$4.5 million annually from personal property taxes, representing 28% of our operating budget. Eliminating this revenue source would immediately and substantially reduce the funding available for critical services, creating a significant negative impact on Boone Countians with developmental disabilities.

Officials from the **Department of Commerce and Insurance, Department of Natural Resources, Department of Social Services, South River Drainage District - 7D Levee,** 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.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. 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. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>BLIND PENSION FUND (1621)</b>			
<u>Revenue Loss</u> – (\$137.124) Assessment changes to real or personal property associated with a solar energy project p.5	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON THE BLIND PENSION FUND (1621)</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Loss</u> – (§137.124) Assessment changes to real or personal property associated with a solar energy project p.5	\$0	(Unknown)	(Unknown)
<u>Revenue Loss</u> – (§§153.030 & 153.034) Loss of revenue from no longer being centrally assessed and distributed p.5	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</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 value. Oversight assumes there could be an impact on small businesses if utility rates are adjusted for 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

Office of Administration - Budget and Planning  
 State Tax Commission  
 Howell County Assessor  
 City of Kansas City  
 Metropolitan St. Louis Sewer District - 7B Sewer  
 County Employees' Retirement Fund (CERF)  
 Adair County SB 40 DD Board  
 Department of Commerce and Insurance

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Department of Social Services  
South River Drainage District - 7D Levee  
Wayne County PWSD #2

Julie Morff  
Director

A handwritten signature in black ink, appearing to read "Jessica Harris".

Jessica Harris  
Assistant Director  
February 3, 2026