

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6405H.011
 Bill No.: HB 2762
 Subject: Utilities; Property, Real and Personal; Taxation and Revenue - Property; State Tax Commission; Public Service Commission; Counties
 Type: Original
 Date: February 24, 2026

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(\$242,510)	(\$291,417)	(\$297,244)
Total Estimated Net Effect on General Revenue	(\$242,510)	(\$291,417)	(\$297,244)

*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 be an indirect impact and therefore will not show the impact in the fiscal note.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Blind Pension Fund (0621)*	\$0	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Unknown)	(Unknown)

* Oversight assumes the impact to the Blind Pension Fund and local political subdivisions would result in a change in assessed value and subsequent loss of revenue. 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
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- 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
Local Government	\$0 or Unknown	(Unknown)	(Unknown)

*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 be an indirect impact and therefore will not show the impact in the fiscal note.

FISCAL ANALYSIS

ASSUMPTION

§137.016 - Classification of Real Property Used for Energy Production Purposes

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 similar legislation HB 2402, (2026), officials from the **State Tax Commission** noted 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.

§137.124 - 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.

Officials from the **Office of Administration - Budget and Planning (B&P)** assume 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. In addition, solar energy projects may still utilize tax credits or abatements. Land may be assessed at the commercial rate.

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.

§§153.030 and 153.034 - Taxation of Solar Energy Projects

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this provision would 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.

§393.1120 - Solar Energy Project Restrictions

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

Officials from the **Department of Natural Resources** assume 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.

§393.2600 - Wind Energy Conversion Systems

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this provision establishes a new fine of five thousand dollars per day per wind turbine for those turbines noncompliant with proper light-mitigating technology.

Officials from the **Department of Natural Resources** assume this section 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 the department was responsible for implementing this provision, it would move DNR to a regulatory division. The fiscal impact would be approximately \$323,317 for the first year. The breakdown is as follows:

- 1 Environmental Program Specialist at \$68,381 and associated fringe for 10 months
- Legal support totaling \$7,702 (10% of an FTE of salary for 10 months \$92,426) and associated fringe for the rulemaking process.
- Office equipment and set-up \$31,982
- Ongoing Expense and Equipment \$48,831
- ITSD Database creation and maintenance \$141,667

Upon further inquiry, **DNR** states that it is difficult to precisely answer how many new wind energy conversion systems or turbines may be installed in Missouri through 2034, since the investor-owned utilities’ integrated resource plans do not necessarily indicate the geographic locations of new builds. Based on U.S. Energy Information Administration data, one wind farm of 247 MW capacity is expected to commence operations in 2029, but regulatory approvals have not been initiated. The website (<https://blueearthrenewables.com/projects/buffalo-branch-wind-project/>) for the project developer indicates that the wind farm could have “up to 60 turbines.”

DNR also states that Ameren expects to add 1,000 MW of wind to its portfolio by 2030 and another 1,000 MW of wind by 2035. However, the locations for new wind farms are not finalized in the current integrated resource planning process.

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.

Officials from the **Office of Administration Facilities Management, Design and Construction (FMDC)** assume based on the language in Section 393.2600, FMDC assumes 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.

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.

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.

Responses regarding the proposed legislation as a whole

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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local agencies 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.

Officials from the **County Employees' Retirement Fund (CERF)** have reviewed HB 2762 (6405H.011). HB 2762 may have an unknown fiscal impact to the County Employees' Retirement Fund.

Officials from the **St Louis City Assessor** assume an unknown fiscal impact. The city is 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, the city is unable to tell how much this project is reported as costing. Since this was existing prior to 2026, it would not be affected.

The city has no way of predicting what other solar projects for the resale of power may occur in the future, so not able to predict the fiscal impact of any projects after 8/28/2026.

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

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 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.

These locally funded services include access to employment supports, service coordination, inclusive community opportunities, and critical resources that promote independence, stability, and quality of life. Property-tax revenue is a foundational component of this system, allowing Adair County SB40 to respond to individual needs while ensuring services remain accessible and community-based. Beyond the individuals served, these supports strengthen families, reduce reliance on more costly crisis services, and contribute to a more inclusive and resilient community overall.

Any changes to property-tax funding must be carefully evaluated in light of these impacts. If reductions to personal and/or real property taxes are pursued, it is essential that a sustainable and equitable replacement funding mechanism be established. Without such a replacement, the ability of Adair County SB40 to meet its statutory mission and continue providing vital supports to individuals with disabilities and their families would be significantly compromised, with broader consequences for the community as a whole.

Officials from the **Boone County SB 40 (Boone County Family Resources)** assume 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 the board

s 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 Social Services, Missouri Department of Transportation, Department of Commerce and Insurance, Attorney General’s Office, Kansas City Police Dept., St. Louis County Police Dept, Branson Police Department, Kansas City Civilian Police Employees’ Retirement, Kansas City Police Retirement System, Public Education Employees’ Retirement System, Sheriff’s Retirement System, High Point R-III, Northwest Missouri State University, University Of Central Missouri** 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 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – DNR (§393.2600.7) p.6</u>			
Personal Service	(\$59,376)	(\$72,677)	(\$74,130)
Fringe Benefits	(\$35,756)	(\$43,766)	(\$44,641)
Equipment and Expense	(\$5,711)	(\$1,574)	(\$1,605)
<u>Total Costs – DNR</u>	<u>(\$100,843)</u>	<u>(\$118,017)</u>	<u>(\$120,376)</u>
FTE Change – DNR	1 FTE	1 FTE	1 FTE
<u>Cost – DNR/ITSD (§393.2600) Creation of new database p.6</u>	<u>(\$141,667)</u>	<u>(\$173,400)</u>	<u>(\$176,868)</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE	<u>(\$242,510)</u>	<u>(\$291,417)</u>	<u>(\$297,244)</u>
Estimated Net FTE Change to the General Revenue Fund	1 FTE	1 FTE	1 FTE
BLIND PENSION FUND			
<u>Revenue Loss – (§137.124) Assessment changes to real or personal property associated with a solar energy project p.5</u>	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
ESTIMATED NET EFFECT ON THE BLIND PENSION FUND	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Loss – (\$137.124) Assessment changes to real or personal property associated with a solar energy project p.5</u>	\$0	(Unknown)	(Unknown)
<u>Revenue Loss – (§§153.030 & 153.034) Loss of revenue from no longer being centrally assessed and distributed p.5</u>	\$0	(Unknown)	(Unknown)
<u>Revenue Gain – School Districts (\$393.2600.7) Fines collected for noncompliance p.7</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or Unknown</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

Small businesses could have an increase in utility costs as a result of this proposal. In addition, 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

This proposal 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
- Facilities Management, Design, and Construction
Department of Social Services
State Tax Commission
Department of Natural Resources
Howell County Assessor
Metropolitan St. Louis Sewer District - 7B Sewer
City of Kansas City
Boone County SB 40 (Boone County Family Resources)
Missouri Department of Transportation
Department of Commerce and Insurance
Attorney General's Office
Branson Police Department
Kansas City Police Dept.
St. Louis County Police Dept
Kansas City Civilian Police Employees' Retirement
Kansas City Police Retirement System
Public Education Employees' Retirement System
Sheriff's Retirement System
High Point R-III School District
Northwest Missouri State University
University Of Central Missouri
St Louis City Assessor
Adair County SB 40 DD Board
County Employees' Retirement Fund



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