

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6405H.05C  
Bill No.: HCS for HB Nos. 2762, 2816 & 2402  
Subject: Utilities; Property, Real and Personal; Taxation and Revenue - Property; State Tax Commission; Public Service Commission; Counties  
Type: Original  
Date: March 31, 2026

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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
<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 (0621)*	\$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 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
<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 FTE</b>	<b>0 FTE</b>	<b>0 FTE</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>

\*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

In response to a previous version, officials from the **Office of Administration - Budget and Planning (B&P)** noted 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 **St Louis City Assessor** assume the fiscal impact is unknown. The Assessor's office currently values solar systems based on the value of the land, buildings and equipment. The assessor does not know the megawatt capacity of solar facilities and so are not aware of how the change to a \$4,000 per megawatt capacity basis for value will impact the jurisdiction. For one project of which the assessor is aware of (a 200 KW solar array owned by Ameren), this new methodology would drastically reduce the value and taxes vs. the current methodology.

In response to a previous version, 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.

In response to a previous version, officials from the **Office of Administration - Budget and Planning (B&P)** assumed 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

In response to a previous version, officials from the **Office of Administration - Budget and Planning (B&P)** assumed 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 noted 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

**Oversight** assumes this provision requires setback distances of at least five hundred feet from the nearest occupied dwelling for all solar energy projects built on or after January 1, 2027.

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.

In response to a previous version, officials from the **Office of Administration - Budget and Planning (B&P)** assumed this provision would require new projects over 5 MW to include setbacks from certain properties.

§523.010 – Condemnation of Land by Certain Utilities

In response to a similar proposal, SB 954 (2026), officials from the **Attorney General’s Office, Department of Commerce and Insurance, Department of Economic Development, Department of Natural Resources, Missouri Department of Conservation, Missouri Department of Transportation, Office of Administration, Office of the State Courts Administrator**, and the **City of Kansas City** each assumed the proposal would have no fiscal impact on their respective organizations.

**Oversight** notes that the above-mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

In response to similar legislation, SB 199 (2025), officials from the **City of O’Fallon** assumed the proposal would 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 for this agency.

Responses regarding the proposed legislation as a whole

**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)** has reviewed HCS/HB 2762 (6405H.05C). HCS/HB 2762 may have an unknown fiscal impact to the County Employees’ Retirement Fund.

Officials from the **Eastern Clay Ambulance District** assume a fiscal impact but did not provide any additional information.

In response to a previous version, officials from the **St Louis City Assessor** assumed 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.

In response to a previous version, officials from the **City of Kansas City** assumed the proposed legislation will have an indeterminate fiscal impact.

In response to a previous version, officials from the **Adair County SB 40 DD Board** assumed 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.

In response to a previous version, officials from **Boone County SB 40 (Boone County Family Resources)** assumed 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, Department of Commerce and Insurance, Department of Natural Resources, Office of the State Courts Administrator, Office of**

**Administration, St. Louis County Police Dept, Branson Police Department, Missouri Department of Transportation, Northwest Missouri State University, and the 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.

In response to a previous version, officials from the **Attorney General’s Office, Kansas City 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, Northwest Missouri State University, University Of Central Missouri** each assumed 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
<b>BLIND PENSION FUND</b>			
<u>Revenue Loss</u> – (§137.124) Assessment changes to real or personal property associated with a solar energy project p.3-4	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON THE BLIND PENSION FUND</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.3-4	\$0	(Unknown)	(Unknown)
<u>Revenue Loss</u> – (§§153.030 & 153.034) Loss of revenue from no longer being centrally assessed and distributed p.4	\$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

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  
University Of Central Missouri  
St Louis City Assessor

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Eastern Clay Ambulance District  
Northwest Missouri State University



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March 31, 2026



Jessica Harris  
Assistant Director  
March 31, 2026