



Solar Energy Growth In Missouri:

A Guide For Municipalities And Local Businesses

As municipalities across Missouri seek ways to promote economic development and attract businesses committed to sustainable and profitable operations, the installation of solar energy by local businesses has emerged as a promising pathway. Solar energy not only benefits the businesses that use it, reducing energy costs and providing long-term price stability, but also brings significant advantages to local communities, including job creation, environmental improvements, and resilience in the face of energy supply disruptions. However, there are challenges and barriers that must be addressed to make solar energy more accessible and feasible for all Missouri businesses. Here, we outline the benefits of solar energy installations, the common barriers faced and effective strategies Missouri communities can use to encourage clean energy investment.

The Benefits Of Solar Energy For Local Businesses And Communities

Solar energy adoption by businesses offers multiple benefits to both the businesses themselves and the communities in which they operate. In an era of inflationary pressures and supply chain constraints, cost savings and energy price stability are sought by many companies. Electricity costs are a large operating expense for many businesses, and energy rates have increased significantly over the years. Solar power allows businesses to reduce their reliance on traditional power sources, locking in energy costs over the long term. With solar installations having an average lifespan of 25-30 years, businesses can enjoy a steady and predictable source of electricity,



reducing their exposure to market volatility and protecting their bottom line, all while improving the value of their property.

Properties with solar installations tend to have higher market values, a benefit for business owners who may wish to sell their property in the future. Additionally, solar energy aligns with an increasing consumer preference for sustainable business practices, enhancing customer goodwill and brand reputation. Solar-powered businesses are often seen as leaders in environmental responsibility, which can provide a competitive advantage in today's eco-conscious market. By recognizing changing market expectations and simultaneously increasing property value and market appeal, businesses can prosper today and into the future.

Job creation is one of the primary benefits of solar expansion. The growth of the solar industry creates jobs, from installation and maintenance roles to technical positions focused on energy management and technology development. Currently, Missouri ranks 28th in the nation for solar jobs, with significant growth potential in rural areas where land availability supports ground-mounted solar farms. Furthermore, solar farms can provide new property tax revenues to municipalities. Local governments that support solar energy can help stimulate their local economy by attracting businesses involved in the solar supply chain, potentially resulting in new opportunities and a skilled workforce within the community.

The Community Solar Program established by the city of Columbia allows businesses and residents to a subscription-based renewable energy program. This program is a scalable model for smaller municipal utilities as well as investor-owned electric companies.

The Jefferson City project powers local government facilities, reduces energy costs, and showcases the municipality's commitment to sustainability. Municipal governments that adopt solar energy for public facilities see reduced utility costs, freeing up funds for other services.

By reducing greenhouse gas emissions and air pollutants associated with fossil fuel power generation, solar energy can significantly improve local air quality and reduce a community's carbon footprint. Clean energy contributes to healthier residents, reduces healthcare costs and strengthens community resilience to climate-related challenges.



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Barriers To Solar Energy Installation For Missouri Businesses

While the benefits of solar energy are compelling, businesses still face several barriers when considering solar installations.

The initial cost of solar panel installation can be prohibitive for many businesses, particularly small and medium-sized enterprises. Although solar energy systems pay for themselves over time, the upfront expenses can deter businesses from taking the plunge. The Inflation Reduction Act passed in 2022 extended the Investment Tax Credit which can cover up to one-third of the system cost for 10 years providing additional incentive to local businesses wishing to invest in clean energy production.

Missouri's progress in solar energy has been supported by incentives and community-led projects that encourage clean energy adoption. For instance, the Property Assessed Clean Energy

(PACE) financing program authorized by many Missouri communities has been particularly beneficial, enabling businesses to fund solar and other energy efficiency projects with long-term, low-interest financing, repaid through property tax assessments. This program helps reduce upfront costs, a significant barrier to adoption for many businesses, allowing them to enjoy lower energy bills while contributing to local sustainability goals

Today, less than 2% of Missouri's electricity is generated by solar energy, so it is not surprising that there is a lack of knowledge and technical expertise in many regions of the state. Many business owners lack information about the financial, technical and regulatory aspects of installing solar energy systems. This knowledge gap can lead to uncertainty and hesitancy in adopting solar solutions. Fortunately, the Missouri Solar Energy Industry Association provides a point of contact for information and a means to find qualified installers throughout the state.

Municipal zoning laws or building codes can complicate or restrict solar installations. Rooftop installations, for example, may not be allowed in historic districts, or certain structures may require reinforcement to handle the weight of solar panels. Examples of municipal codes that can act as barriers to solar energy include strict setback requirements for solar panels, limitations on the visible size of solar arrays, restrictions on ground-mounted systems in certain zoning districts, excessive permitting fees for solar installations and requirements for screening solar panels from public view, potentially hindering optimal solar access due to shading concerns.

Strategies For Municipalities To Encourage Clean Energy Investment

Municipalities play a pivotal role in encouraging clean energy investments. By fostering an environment that reduces barriers and incentivizes businesses,

communities can make solar power more attainable. Here are some effective strategies:

1. Offer Education and Outreach Programs — Municipalities can host workshops, information sessions and outreach campaigns to inform business owners about the benefits of solar energy and the steps involved in installation. Partnerships with local chambers of commerce, trade associations, or non-profit organizations can amplify these efforts.

2. Streamline Permitting Processes and Update Building Codes — By simplifying the permitting process for solar installations, municipalities can make it easier for businesses to pursue solar projects. Additionally, updating building codes to accommodate solar energy systems in various property types, including historic buildings, can further ease the installation process.

3. Utilize PACE Financing for Solar Projects — Property Assessed Clean Energy (PACE) financing is an effective tool that municipalities

can leverage to help local businesses fund solar installations and other energy improvements. Through PACE, businesses can finance the upfront cost of a solar installation and repay it over time through an assessment on their property tax bill. This allows for 100% financing, with no immediate out-of-pocket costs, enabling businesses to see energy savings that often exceed the cost of the PACE payments. This approach has already been instrumental in helping numerous Missouri businesses make the leap into solar energy.

Building a Bright Future with Solar Energy in Missouri

It is important to recognize that many Missouri communities have already implemented successful solar initiatives that serve as models for others.

By encouraging local businesses to adopt solar energy, Missouri municipalities can create thriving communities with healthier environments, stronger economies, and resilient energy infrastructures.

However, overcoming barriers such as upfront costs, regulatory restrictions and information gaps is essential to making solar energy adoption feasible. Through the strategic use of incentives, streamlined permitting, community education and financing tools like PACE, Missouri communities can lead the way in the transition to a cleaner, more sustainable future. 🌱

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