

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3691-04
Bill No.: HCS for SB 664
Subject: Utilities; Telecommunications; Consumer Protection; Attorney General
Type: Original
Date: May 12, 2020

Bill Summary: This proposal modifies provisions relating to utilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
General Revenue*	\$0	\$0 to Could exceed (\$5,000,000)	\$0 to Could exceed (\$5,000,000)	\$0 to Could exceed (\$5,000,000)
Total Estimated Net Effect on General Revenue	\$0	\$0 to Could exceed (\$5,000,000)	\$0 to Could exceed (\$5,000,000)	\$0 to Could exceed (\$5,000,000)

*Oversight notes this proposal (§620.2459) extends the sunset date of an existing program (from August 28, 2021 to June 30, 2027). Accordingly, the fiscal note reflects the continuation of appropriations/ expenditures under the Broadband Internet Grant Program at either the FY 2020 level (\$5 million) or the FY 2021-approved level (\$0).

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 23 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
State Facility Maintenance and Operation Fund (0501)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Other State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
GENERAL REVENUE	0	0	0	0
Total Estimated Net Effect on FTE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any Of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** was unable to receive some of the agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

§ 67.309 - Ban on Limiting Utility Connection by Type

Oversight notes that under this section of the proposed legislation no political subdivision shall adopt an ordinance, resolution, regulation, code or policy that prohibits, or has the effect of prohibiting, the connection or reconnection of a utility service based upon the type or source of energy to be delivered to an individual customer.

In response to similar legislation SB 1048, officials at the **Department of Natural Resources** and the **Department of Commerce and Insurance** each assumed no fiscal impact to their respective agencies from this proposal.

In response to similar legislation SB 1048, officials at the **City of Kansas City**, the **Metropolitan St. Louis Sewer District** and the **Glasgow Village Street Lighting District** each assume no fiscal impact to their respective entities from this proposal.

§ 67.453 - Neighborhood Improvement Districts

Oversight notes this section of this proposed legislation expands the definition of “Improvement” to include a partnership with a telecommunications company or broadband service provider in order to construct or improve telecommunications facilities which shall be wholly owned and operated by the telecommunications company or broadband service provider. However, before any facilities are improved or constructed as a result of this section, the area shall be certified as unserved or under served by the Department of Economic Development.

Per Section(s) 620.2450 - 620.2459, the Missouri Department of Economic Development is to publish on its website the proposed unserved and under served areas. In addition, when the Missouri Department of Economic Development is prioritizing applications, they are to give first

ASSUMPTION (continued)

priority to grant applicants of unserved areas and third priority to grant applicants of under served areas.

Therefore, Oversight assumes the Missouri Department of Economic Development is aware of potential unserved and under served areas. Thus, Oversight assumes the Missouri Department of Economic Development can absorb the additional responsibility of certifying the areas for improved and constructed telecommunication facilities with existing resources.

In response to the similar legislation SS for SCS for HB 1768, officials from the **Office of Administration - Budget & Planning Division (B&P)** stated this section will have no direct impact on General Revenue (GR) and Total State Revenues (TSR) or the calculation pursuant to Article X, Section 18(e).

Oversight notes the **Missouri Department of Revenue (DOR)** has stated this section would not have a direct fiscal impact on their respective organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero fiscal impact in the fiscal note for this organization as it relates to this section

§ 67.1461 - Community Improvement Districts

Oversight notes this section of this proposed legislation expands the powers of each Community Improvement District to allow Community Improvement Districts to partner with a telecommunications company or broadband service provider in order to construct or improve telecommunications facilities which shall be wholly owned and operated by the telecommunications company or broadband service provider. However, before any facilities are improved or constructed as a result of this section, the area shall be certified as unserved or under-served by the Department of Economic Development.

Per Section(s) 620.2450 - 620.2459, the Missouri Department of Economic Development is to publish on its website the proposed unserved and under served areas. In addition, when the Missouri Department of Economic Development is prioritizing applications, they are to give first priority to grant applicants of unserved areas and third priority to grant applicants of under served areas.

Therefore, Oversight assumes the Missouri Department of Economic Development is aware of potential unserved and under served areas. Thus, Oversight assumes the Missouri Department of Economic Development can absorb the additional responsibility of certifying the areas for improved and constructed telecommunication facilities with existing resources.

ASSUMPTION (continued)

In response to similar legislation SS for SCS for HB 1768, officials from **B&P** stated this section will have no direct impact on General Revenue (GR) and Total State Revenues (TSR) or the calculation pursuant to Article X, Section 18(e).

Oversight notes **DOR** has stated this section would not have a direct fiscal impact on their respective organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero fiscal impact in the fiscal note for this organization as it relates to this section.

§ 67.1842 and 67.1846 - Public Right of Way

Oversight notes this section of this proposed legislation prohibits political subdivisions from requiring a telecommunications company to obtain a written agreement (other than a permit) for use of the public right-of-way.

Furthermore, this proposed legislation provides that mutual agreement is required for a political subdivision or public utility right-of-way user to renew or enter into a new or existing franchise.

This proposed legislation prohibits grandfathered political subdivisions from charging a qualified small local exchange telecommunications company an additional linear foot fee for using its right-of-way to as of December 31, 2019 provided the small local exchange telecommunications company is providing internet access to customers only within the rural areas of Missouri.

In response to similar legislation SS for SCS for HB 1768, officials from **B&P** stated section 67.1842.1 forbids political subdivisions from requiring a telecommunications company to obtain written agreement other than a permit when managing public right-of-way and imposing fees. Section 67.1846 will have no impact on state revenues. To the extent this impacts local revenues, this proposal could impact the calculation pursuant to Article X, Section 18(e). B&P does not have data to calculate the impact at the local level.

B&P states Section 67.1842 and 67.1846 will have no impact on state revenues. To the extent this impacts local revenues, this proposal could impact the calculation pursuant to Article X, Section 18(e). B&P does not have data to calculate the impact at the local level.

Oversight notes **DOR** has stated this section 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 fiscal impact in the fiscal note for this organization as it relates to this section.

Officials at the **City of Springfield** assume this proposal would have a negative fiscal impact

ASSUMPTION (continued)

that may cost over \$500,000 annually.

In response to similar legislation SS for SCS for HB 1768, officials from the **City of Kansas City (KC)** stated this proposed section will have a negative fiscal impact on KC in an indeterminate amount. Additionally, KC is under the impression that this section could hinder the ability for KC to impose linear foot fees on companies that provide internet access to customers within rural areas of the state, even if those customers are not located within KC.

Oversight is unable to determine whether there are currently linear foot fees imposed on small local exchange telecommunications companies. For purposes of this fiscal note, Oversight will report a negative fiscal impact to local political subdivisions ranging from \$0 to (Unknown).

§ 67.5122 - Uniform Small Wireless Facility Deployment Act - Expiration Date

Oversight notes this section extends the expiration date of the Uniform Small Wireless Facility Deployment Act from January 1, 2021 to January 1, 2025.

Oversight notes, in response to similar legislation (HB 2182 - 2020), which eliminated the expiration date of the Uniform Small Wireless Facility Development Act, officials from the **Missouri Department of Commerce and Insurance, the Missouri Department of Transportation, the Missouri Department of Economic Development, the Missouri Department of Natural Resources, the Office of State Court Administrator, the Office of Administration, the City of Springfield, and the City of Kansas City** have stated this proposed section would not have a direct fiscal impact on their respective organizations.

Oversight notes the agencies mentioned above have stated the proposed legislation would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero fiscal impact in the fiscal note for these organizations as it relates to this section.

Oversight notes the **DOR** has stated this section would not have a direct fiscal impact on their respective organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero fiscal impact in the fiscal note for this organization for this section.

§ 247.200 and .285 - Rights of Way and Water Supply District Deposits

Oversight notes this would allow water supply districts to lay mains in public areas, and bar water supply districts from requiring a secondary deposit for commercial property owners.

ASSUMPTION (continued)

In response to similar language in HB 2240, officials from the **City of Kansas City, City of O’Fallon, Department of Natural Resources, and Missouri Metropolitan Sewer District** assumed this proposal had no fiscal impact.

Oversight assumes this proposal will have no fiscal impact.

§ 249.422 - Sewer Service Fees

In response to a similar proposal from the 2019 session, HB 955 (LR 1535-02) **Oversight** noted the following:

Officials at the **Office of the State Courts Administrator** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

Oversight notes that the Office of the State Courts Administrator and the State Tax Commission each has 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.

Officials at the **Metropolitan St. Louis Sewer District** assume no fiscal impact from this proposal.

Oversight will assume this proposal could have an impact on sewer districts in Jefferson County, St. Louis City and St. Louis County.

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

Oversight also notes this would allow, after notice, fees to change for sewer repair.

ASSUMPTION (continued)

Oversight has received no responses from agencies reflecting costs or savings, and because **Oversight** has no conflicting information this note will show no fiscal impact for this provision.

§ 392.020 - Articles of Association - Telephone and Telegraph Corporations, Street Railroad Corporations and Booming and Rafting Corporations

Oversight notes this section of this proposed legislation would allow the articles of association of a telephone or telegraph corporation, street railroad corporation or booming and rafting

In response to similar legislation SS for SCS for HB 1768, officials from **B&P** stated this section has no direct impact on B&P, has no direct impact on Total State Revenue or General Revenue and will not impact the calculation pursuant to Article X, Section 18(e).

Oversight notes the **DOR** has stated this section would not have a direct fiscal impact on their respective organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero fiscal impact in the fiscal note for this organization as it relates to this section

§ 393.1009 - Gas Utility Plan Projects

In response to similar legislation SS for SB 618, officials from the **Department of Commerce and Insurance (DCI) - Office of the Public Counsel (OPC)** assumed there would be a need for an additional Public Utility Accountant I-III at \$50,112 annually to review the increased costs included in ISRS petitions, the increased projects, plant, and costs that will be reviewed in general rate cases. The cost for such analyst would be approximately \$65,000 annually.

Oversight assumes this legislation will not generate a sufficient workload for the OPC to require an additional FTE, and therefore assume DCI-OPC could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DCI-OPC could request funding through the appropriation process.

§ 393.1012 and 393.1015 - ISRS Gas Utility Plant Petitions

In response to similar legislation SS for SB 618, officials from the **Office of Administration (OA) - Facilities Management Design and Construction (FMDC)** stated that the increase to gas service anywhere in the state individually or when combined with ISRS shall not produce revenues in excess of ten percent of the gas corporation's base revenue. And the Public Service Commission may not approve an ISRS if the revenues exceed ten percent.

ASSUMPTION (continued)

FMDC used a four year average (FY16 - FY19) of Natural Gas, Propane and Fuel Oil cost equaling \$3,533,122 and applied a 1%, 5% and 10% increase to determine the maximum amount that could be charged based on this legislation.

		1.00%	5.00%	10.00%
Gas with Fuel Oil	\$3,533,122	\$35,331	\$176,656	\$353,312

Oversight assumes this proposal allows gas corporations to file a petition and propose rate schedules with the Public Service Commission to establish or change ISRS rate schedules (that will allow for adjustment of the gas corporation's rate and charges to provide for the recovery cost).

Oversight assumes this proposal could increase gas utility costs for the Office of Administration as well as other state agencies and local governments. Since it is unknown how many additional amortizations will be authorized (if any), Oversight will range the cost from \$0 (no utility will increase rates) to an unknown amount to the State Facility Maintenance and Operation Fund (0501) and a \$0 to unknown cost to other state funds and local political subdivisions.

In response to similar legislation SS for SB 618, officials from the **Department of Commerce and Insurance (Public Service Commission)**, the **Department of Natural Resources** and the **Department of Transportation** each assumed the proposal will 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 for these agencies.

§ 407.1095, 407.1098, 407.1101, 407.1104, 407.1115 - Call Spoofing

In response to similar legislation HCS for HB 2116, officials from the **Office of the Attorney General (AGO)** assumed the proposal would not fiscally impact their agency.

ASSUMPTION (continued)

Oversight inquired the AGO regarding the number of cases resolved over the last six years from illegal telephone solicitations and how much was collected in judgements. The money received for the judgements goes to the Merchandising Practices Revolving Fund (0631). The following is their response:

Fiscal Year	# of cases resolved	Judgements in those cases	# of cases with collections	Collections
2014	17	\$758,000	12	\$225,500
2015	5	\$739,000	3	\$593,416
2016	6	\$30,500	3	\$10,500
2017	11	\$526,433	4	\$275,433
2018	1	\$500,133	0	\$0
2019	3	\$85,000	1	\$8,500

Oversight notes that the Office of the Attorney General has 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 HCS for HB 2116, officials from the **Department of Corrections (DOC)** stated the proposal creates a new class E felony for unlawful caller identification spoofing.

The Department of Corrections has no prior data relating to these charges, therefore, the department estimates an impact comparable to the creation of a new class E felony. As such, the department will use the standard response for a new class E felony. For each new nonviolent class E felony, the department estimates one person will be sentenced to prison and two to probation. The average sentence for a nonviolent class E felony offense is 3.4 years, of which 2.1 years will be served in prison with 1.4 years to first release. The remaining 1.3 years will be on parole. Probation sentences will be 3 years.

ASSUMPTION (continued)

	# to prison	Cost per year	Total Costs for prison	Change in probation & parole officers	Total savings for probation and parole	# to Probation and Parole	Grand Total - Prison and Probation (includes a 2% inflation)
Year 1	1	(\$6,386)	\$ (5,322)	0	0	2	\$ (5,322)
Year 2	2	(\$6,386)	\$ (13,027)	0	0	4	\$ (13,027)
Year 3	2	(\$6,386)	\$ (13,288)	0	0	7	\$ (13,288)
Year 4	2	(\$6,386)	\$ (13,554)	0	0	7	\$ (13,554)
Year 5	2	(\$6,386)	\$ (13,825)	0	0	7	\$ (13,825)
Year 6	2	(\$6,386)	\$ (14,101)	0	0	7	\$ (14,101)
Year 7	2	(\$6,386)	\$ (14,383)	0	0	7	\$ (14,383)
Year 8	2	(\$6,386)	\$ (14,671)	0	0	7	\$ (14,671)
Year 9	2	(\$6,386)	\$ (14,964)	0	0	7	\$ (14,964)
Year 10	2	(\$6,386)	\$ (15,264)	0	0	7	\$ (15,264)

If this impact statement has changed from statements submitted in previous years, it is because the Department of Corrections (DOC) has changed the way probation and parole daily costs are calculated to more accurately reflect the way the Division of Probation and Parole is staffed across the entire state

In December 2019, the DOC reevaluated the calculation used for computing the Probation and Parole average daily cost of supervision and revised the cost calculation to be used for 2020 fiscal notes. For the purposes of fiscal note calculations, the DOC averaged district caseloads across the state and came up with an average caseload of 51 offender cases per officer. The new calculation assumes that an increase/decrease of 51 cases would result in a change in costs/cost avoidance equal to the cost of one FTE staff person. Increases/decreases smaller than 51 offenders are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, the DOC will use the average caseload figure for that specific type of offender to calculate cost increases/decreases. For instances where the proposed legislation affects a less specific caseload, DOC projects the impact based on prior year(s) actual data for DOC's 44 probation and parole districts.

The DOC cost of incarceration is \$17.496 per day or an annual cost of \$6,386 per offender. The

ASSUMPTION (continued)

DOC cost of probation or parole is determined by the number of P&P Officer II positions that would be needed to cover the new caseload.

The cumulative impact on the Department is estimated to be 2 additional offenders in prison and 7 on field supervision by FY23.

Oversight assumes the DOC could absorb the cost of two additional prisoners, and will not reflect a fiscal impact from this proposal.

In response to similar legislation HCS for HB 2116, officials from the **Office of the State Public Defender (SPD)** assumed no fiscal impact as the entities placing the calls are not likely to be indigent under the SPD's indigence guidelines.

In response to similar legislation HCS for HB 2116, officials from the **Office of the State Courts Administrator** and the **Department of Public Safety - Missouri Highway Patrol** each assumed the proposal would not fiscally impact their respective agencies.

In response to similar legislation HCS for HB 2116, officials from the **Office of Prosecution Services (OPS)** assumed the proposal would not have a measurable fiscal impact on their agency. The creation of a new crime creates additional responsibilities for county prosecutors which may, in turn, result in additional costs which are difficult to determine.

Oversight notes that the agencies listed above have each stated the proposal would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these sections.

§ 442.404 - Limitation on HOA Solar Restrictions

In response to similar legislation HB 2526, officials at the **Department of Commerce and Insurance**, the **Department of Natural Resources** and the **State Tax Commission** each assumed no fiscal impact to their respective agencies from this proposal.

In response to similar legislation HB 2526, officials at the **City of Kansas City** and the **City of Springfield** each assumed no fiscal impact to their respective entities from this proposal.

In response to similar legislation HB 2526, officials at the **City of O'Fallon** assumed a minimal fiscal impact on the City. There are not many electrical permits issued for solar panel installation.

ASSUMPTION (continued)

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§ 523.262 - Ban on Eminent Domain for Building Above Ground Merchant Lines

In response to HCS for HB 2033, officials from the **Department of Commerce and Insurance (Public Service Commission and Office of Public Counsel)**, the **Office of Administration**, the **Attorney General's Office** and the **Department of Transportation** each assume the proposal will 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 respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

In response to a previous version of HB 2033, officials from the **Department of Natural Resources**, the **Missouri Department of Conservation** and the **Metropolitan St. Louis Sewer District** each assumed the proposal would have no fiscal impact on their respective organizations organization.

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.

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

Oversight assumes this proposal could impact the Grain Belt Express project in northern Missouri. According to a report by the Public Service Commission (File No. EM-2019-0150), the Grain Belt Express Project line is "sited to traverse Buchanan, Clinton Caldwell, Carroll, Chariton, Randolph, Monroe and Ralls Counties, Missouri. The Grain Belt Express Project covers approximately 780 miles, and the project will primarily use a pole design which has a smaller footprint than traditional alternating current transmission lines. The structures will occupy ten acres for the entire state of Missouri." The Joint Application of Invenergy Transmission LLC, Invenergy Investment Company LLC, Grain Belt Express Clean Line LLC and Grain Belt Express Holding LLC for an Order Approving the Acquisition by Invenergy Transmission LLC of Grain Belt Express Clean Line LLC was approved by the PSC effective

ASSUMPTION (continued)

June 30, 2019.

Oversight notes that the committee substitute narrows the scope of the bill by stating which entities are excluded from the new provisions. Oversight notes that while there may be no direct impact to the state or local governments as a result of this proposal, modifying provisions relating to the power of eminent domain for utility purposes could have an indirect impact on current and future utility projects.

§ 620.2451 - Department of Economic Development - Records

Oversight notes this section of this proposed legislation would require the Missouri Department of Economic Development to maintain a record of all federal grants awarded to entities for the purpose of providing, maintaining and expanding rural broadband in the State of Missouri. If funds are awarded to an entity and later retained, withheld or not distributed, DED shall seek to have the funds awarded to another qualified Missouri broadband provider.

In response to similar legislation SS for SCS for HB 1768, officials from **B&P** stated this section has no direct impact on B&P, has no direct impact on Total State Revenue or General Revenue and will not impact the calculation pursuant to Article X, Section 18(e).

Oversight further notes, In response to similar legislation SS for SCS for HB 1768, the **Missouri Department of Economic Development (DED)** stated their agency would not be impacted as a result of the language put forth in this section. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero fiscal impact in the fiscal note for this organization as it relates to this section

Oversight notes the **DOR** has stated this section would not have a direct fiscal impact on their respective organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero fiscal impact in the fiscal note for this organization as it relates to this section

§ 620.2456 - Broadband Internet Grant Program, Unserved and Underserved Areas

Oversight notes this section states if a grant recipient fails to establish the speed requirements set forth in Section 620.2451 (at least twenty-five megabits per-second download and three megabits per-second upload), the grant recipient shall return all grant moneys to the Missouri Department of Economic Development.

ASSUMPTION (continued)

In response to similar legislation (SB 865 - 2020) the **DED** stated no fiscal impact was anticipated as a result of this language. Oversight does not have any information to the contrary.

Therefore, Oversight will reflect a zero fiscal impact in the fiscal note for this organization as it relates to this amendment.

Oversight notes the **DOR** has stated this section of SS for SCS for HB 1768 would not have a direct fiscal impact on their respective organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero fiscal impact in the fiscal note for this organization, as it relates to this amendment.

§ 620.2459 - Broadband Grant Sunset Extension

Oversight notes this proposed legislation extends the sunset date of the Broadband Internet Grant Program from August 28, 2021 to June 30, 2027.

Oversight notes HB 7 of the 2019 Regular Session appropriated \$5 million for the Broadband Internet Grant Program. Oversight also notes the current (CCS for SCS for HS for HCS for HB 2007) version of **HB 2007 (2020)** appropriates \$0 to DED for Broadband Grants (Section 7.105).

In response to similar legislation SS for SCS for HB 1768, officials from **B&P** stated this section will have no direct impact on General Revenue (GR) and Total State Revenues (TSR) or the calculation pursuant to Article X, Section 18e.

For Fiscal Year 2020, \$5 million is appropriated for the Broadband program. This proposal extends the program to June 30, 2027. To the extent new appropriations are made from GR, resources otherwise available for other budget priorities might be reduced.

This section may result in additional induced revenues, which B&P cannot estimate.

Oversight notes **DOR** has stated this section would not have a direct fiscal impact on their respective organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero fiscal impact in the fiscal note for this organization as it relates to this section

In response to the similar legislation SS for SCS for HB 1768, officials from **DED** stated, because the grant program is subject to appropriation, the impact to GR is not yet known. Based on the current appropriation, the cost could be equal to or exceed \$5 million. DED anticipated the

ASSUMPTION (continued)

need for an additional 0.5 FTE (Economic Development Specialist III - 26,163 annually) to assist with program administration, logistics, and compliance.

Oversight notes DED has stated an additional .5 FTE is required to assist with program administration, logistics, and compliance. Oversight assumes, as this is an existing program under DED, that DED could absorb the costs associated with the extension of the sunset date. Oversight further assumes if the program is appropriated revenues that generate a significant increase in applicants who wish to receive a grant under this program, DED may seek additional FTE through the appropriation process.

Oversight notes \$5,000,000 was appropriated to the program for Fiscal Year 2020. This program is subject to appropriation each year and, therefore, the **fiscal impact cannot be quantified until future appropriations are made by the General Assembly**.

For purposes of this fiscal note, Oversight will report a \$0 fiscal impact to a negative fiscal impact that could exceed the amount equal to Fiscal Year 2020's appropriation for the program of \$5,000,000.

In response to similar legislation (HB 1859 - 2020), the **Missouri Department of Agriculture** and the **Missouri State Treasurer's Office** stated this section would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero fiscal impact in the fiscal note for these organizations as it relates to this section.

Bill as a Whole

Officials at the **Administrative Hearing Commission, Attorney General, Department of Natural Resources, State Tax Commission** assume this proposal has no fiscal impact.

Officials at the **City of Columbia, Metropolitan St. Louis Sewer District** assume this proposal has no fiscal impact.

Rule Promulgation

In response to similar legislation HCS for HB 2116, officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's

ASSUMPTION (continued)

legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

In response to similar legislation HCS for HB 2116, officials from the **Joint Committee on Administrative Rules** stated the legislation is not anticipated to cause a fiscal impact to the Joint Committee on Administrative Rules beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

FISCAL IMPACT -
State Government

FY 2021
 (10 Mo.)

FY 2022

FY 2023

Fully
 Implemented
 (FY 2024)

**GENERAL
 REVENUE FUND**

Revenue Reduction -

§ 620.2459:

extended expiration
 date of the
 Broadband Internet
 Grant Program
 (subject to
 appropriation)* p. 17

	\$0 to Could exceed	\$0 to Could exceed	\$0 to Could exceed
<u>\$0</u>	<u>(\$5,000,000)</u>	<u>(\$5,000,000)</u>	<u>(\$5,000,000)</u>

**ESTIMATED NET
 EFFECT ON
 GENERAL
 REVENUE FUND**

	\$0 to Could exceed	\$0 to Could exceed	\$0 to Could exceed
<u>\$0</u>	<u>(\$5,000,000)</u>	<u>(\$5,000,000)</u>	<u>(\$5,000,000)</u>

**STATE FACILITY
 MAINTENANCE
 AND OPERATION
 FUND (0501)**

Cost - § 393.1012
and 393.1015:

Office of
 Administration

Potential increase in gas utility costs	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
--------------------------------------------	----------------------------	----------------------------	----------------------------	-------------------------

**ESTIMATED NET
 EFFECT ON THE
 STATE
 MAINTENANCE
 AND OPERATION
 FUND**

\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
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<u>FISCAL IMPACT -</u>				
<u>State Government</u>	FY 2021			Fully
continued	(10 Mo.)	FY 2022	FY 2023	Implemented
				(FY 2024)

VARIOUS STATE FUNDS

Cost - § 393.1012
and 393.1015:

Various State
 Agencies

Potential increase in gas utility costs	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
--------------------------------------------	-------------------------	-------------------------	-------------------------	-------------------------

**ESTIMATED NET
 EFFECT TO
 VARIOUS STATE
 FUNDS**

\$0 to	\$0 to	\$0 to	
<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

*Oversight notes this proposal extends the sunset date of an existing program (from August 28, 2021 to June 30, 2027). Accordingly, the fiscal note reflects the continuation of appropriations/expenditures under the Broadband Internet Grant Program at either the FY 2020 or FY 2021 levels.

<u>FISCAL IMPACT -</u>				
<u>Local Government</u>	FY 2021			Fully
	(10 Mo.)	FY 2022	FY 2023	Implemented
				(FY 2024)

**LOCAL
 POLITICAL
 SUBDIVISIONS**

<u>Revenue Reduction -</u>				
<u>§ 67.1842 and</u>				
<u>67.1846: Prohibits</u>				
additional Linear				
Foot Fees p. 7	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

<u>Cost - § 393.1012</u>				
<u>and 393.1015: Local</u>				
Governments				
Potential increase				
in gas utility costs	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

ESTIMATED NET				
EFFECT ON				
LOCAL				
POLITICAL	\$0 or	\$0 or	\$0 or	\$0 or
SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

This proposed legislation could impact any small business that would not have been awarded a grant had the sunset/expiration date of this program be extended. Furthermore, this proposed legislation could impact any telephone or telegraph corporation, street railroad corporation or booming and rafting corporations as these small businesses are permitted to amend their articles of associations. This proposed legislation could also impact any small local exchange telecommunications companies that were imposed a linear foot fee after December 31, 2019, as, per this legislation, political subdivisions shall not impose.

Small business gas utility customers could expect fiscal impact as a result of this proposal as this legislation allows for cost recovery of investments through cost-recovery mechanisms.

FISCAL DESCRIPTION

The proposed legislation modifies 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

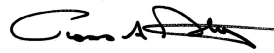
Attorney General's Office
Administrative Hearing Commission
Office of Administration - Budget & Planning Division
Office of Administration (OA) - Facilities Management Design and Construction (FMDC)
Missouri Department of Agriculture
Department of Commerce and Insurance
Department of Commerce and Insurance (DCI) - Office of the Public Counsel (OPC)
Department of Conservation
Department of Corrections (DOC)
Department of Economic Development
Department of Public Safety - Missouri Highway Patrol
Department of Revenue
Department of Agriculture
Department of Transportation
Department of Natural Resources
Glasgow Village Street Lighting District
Metropolitan St. Louis Sewer District
Office of Prosecution Services
Office of the State Courts Administrator
Office of the State Public Defender (SPD)
Joint Committee on Administrative Rules
Secretary of State's Office
State Treasurer's Office
State Tax Commission

SOURCES OF INFORMATION (continued)

City of Columbia
City of Kansas City
City of O'Fallon
City of Springfield



Julie Morff
Director
May 12, 2020



Ross Strobe
Assistant Director
May 12, 2020