

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2705S.01I
Bill No.: SB 559
Subject: Cities, Towns and Villages; Political Subdivisions; Taxation and Revenue -
General; Utilities
Type: Original
Date: March 30, 2021

Bill Summary: This proposal modifies provisions relating to the public right-of-way.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- ☐ 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 2022	FY 2023	FY 2024
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from **Kansas City** state this legislation imposes a 7.5% gross receipts tax on any public utility providing fiber networking who is not subject to franchise fees or gross receipts tax. This would result in a positive fiscal impact in an indeterminate amount.

Oversight assumes this legislation requires any public utility engaged in providing fiber networks to customers using fiber networks, built whole or in part in a political subdivision's right-of-way, who is not subject to franchise fees or gross receipts tax before August 28, 2021, shall pay to the political subdivision a gross receipts tax of 7.5% and shall not pay a linear foot fee. Oversight assumes this legislation could result in an unknown positive fiscal impact to local political subdivisions.

Officials from the **Department of Commerce and Insurance**, the **Department of Natural Resources**, the **Missouri Department of Transportation**, the **Office of Administration** and the **City of Corder** 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 counties and cities 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.

<u>FISCAL IMPACT –</u> <u>State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue – 7.5% tax</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Loss – Linear Foot Fee</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

FISCAL IMPACT – Small Business

A direct fiscal impact to a public utility engaged in providing fiber networks would be expected as a result of this proposal.

FISCAL DESCRIPTION

Under this act, any public utility engaged in providing fiber networks to customers using fiber networks, built whole or in part in a political subdivision's right-of-way, who is not subject to franchise fees or gross receipts tax before August 28, 2021, shall pay to the political subdivision a gross receipts tax of 7.5% and shall not pay a linear foot fee.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Commerce and Insurance

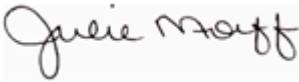
Department of Natural Resources

Missouri Department of Transportation

Office of Administration

City of Corder

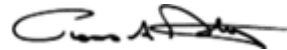
Kansas City



Julie Morff

Director

March 30, 2021



Ross Strobe

Assistant Director

March 30, 2021