

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4816S.02C
 Bill No.: SCS for SB 1065
 Subject: Telecommunications; Utilities; Political Subdivisions; State Departments;
 Department of Transportation; Boards, Commissions, Committees, and Councils
 Type: Original
 Date: March 30, 2026

Bill Summary: This proposal creates provisions relating to utility facility relocation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
State Road Fund (1320)	(\$48,000,000 to \$54,000,000)	(\$48,000,000 to \$54,000,000)	(\$48,000,000 to \$54,000,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$48,000,000 to \$54,000,000)	(\$48,000,000 to \$54,000,000)	(\$48,000,000 to \$54,000,000)

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
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 2027	FY 2028	FY 2029
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

§§67.1849, 67.2707, 71.340, 226.220, 226.224, 227.558, 227.559, and 229.360 – Utility Facility Relocation

Officials from the **Missouri Department of Transportation** state currently, utilities are allowed to occupy the state right-of-way utility corridor at no cost but must bear the cost for adjustments needed for highway maintenance or construction. Utilities with pre-existing land rights are compensated for relocation. The proposed bill would render all utility adjustments reimbursable, potentially incurring millions in annual costs to the State Road Fund.

Based on relocation information from previous years statewide, and additional costs expected for the I-70 and I-44 programs, MoDOT estimates an annual negative impact to the State Road Fund of \$48 to \$54 million.

This estimate assumes 2% of the construction budget annually, which equates to \$30 to \$35 million annually.

In addition, this will introduce an additional cost to the Improve I-70 Program. This additional one-time cost is estimated at a minimum of \$75 million, which would equate to \$15 million if averaged over the next five years. The Forward 44 Program would also incur additional costs estimated at approximately \$3 to \$4 million annually until the program is delivered.

Low end $\$30M + \$15M + \$3M = \$48M$

High end $\$35M + \$15M + \$4M = \$54M$

Oversight does not have information to the contrary. Therefore, Oversight will reflect a fiscal impact of “\$48 million to \$54 million” to the State Road Fund (1320) per fiscal year.

Officials from the **Department of Commerce and Insurance** assume the proposal will 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.

Officials from the **City of Kansas City** state that the proposed legislation has a negative fiscal impact of an indeterminate amount. For the City’s Water Services Department, the current average cost for the replacement of water mains within the public right-of-way is approximately \$2.3M per mile or \$430/LF. Often, sanitary sewer mains are placed at greater depths potentially resulting in an increase in their average costs in a range from 20% to 35% higher (\$2.76M to \$3.1M per mile or (\$516/LF to \$581/LF).

For Public Works, based on a recent project in an urban environment, the City's contractor reported an all-in cost of \$8.13 million per mile for fiber optics.

Officials from the **City of Columbia** assume a cost of \$500,000 in FY 2027, \$510,000 in FY 2028 and \$520,200 in FY 2029.

Officials from the **City of Richmond Heights** assume a cost of \$20,000 in FY 2027, \$50,000 in FY 2028 and \$1,000,000 in FY 2029.

Officials from the **City of Weldon Spring** assume this proposal requires municipalities to reimburse non-rate-regulated utility providers for labor costs associated with relocating facilities located within public rights-of-way during road and infrastructure projects.

For the City of Weldon Spring, this creates a significant and unpredictable financial liability that will have a direct negative impact on municipal operations and capital improvement planning. While the exact cost cannot be determined in advance, the presence of expanding broadband and telecommunications infrastructure within public rights-of-way indicates that relocation expenses will increase over time and may be substantial on a project-by-project basis.

The proposed legislation effectively shifts costs from private, for-profit cable and telecommunications companies to local taxpayers. These companies currently benefit from access to public rights-of-way, avoiding the expense and complexity of acquiring private easements, while also expanding their customer base through use of public infrastructure. Under this bill, municipalities would be required to assume financial responsibility for relocating privately owned facilities, even when those relocations are necessary to complete public infrastructure improvements. This represents a fundamental change in long-standing practice and places an undue financial burden on local governments and the local taxpayers.

For Weldon Spring, infrastructure projects are typically funded through limited general revenues. Incorporating utility relocation costs into these projects will increase overall project costs, extend debt service obligations, and reduce the City's ability to complete planned improvements. In practical terms, even a single road project requiring multiple utility relocations could add tens of thousands of dollars in unbudgeted expenses, which is significant for a small municipality with limited financial flexibility.

The impact of this legislation is disproportionately severe for small cities. Unlike larger jurisdictions, Weldon Spring does not have a broad tax base or excess capacity to absorb fluctuating and uncertain costs. As a result, the City may be forced to delay, scale back, or eliminate necessary infrastructure projects, which could negatively affect public safety, transportation efficiency, and long-term economic development.

Additionally, the proposal introduces procedural requirements related to notification, cost estimation, and coordination with utility providers that may lead to disputes over responsibility, timing, and cost allocation. These disputes increase the likelihood of project delays and potential legal expenses, further compounding the financial burden on municipalities.

Finally, the City notes that the mandated reimbursement of private utility relocation costs may raise concerns under the Hancock Amendment as an unfunded mandate imposed on political subdivisions.

In summary, this proposal will have a significant negative fiscal impact on the City of Weldon Spring. The City cannot reasonably absorb these costs, and the legislation will place small municipalities at a distinct disadvantage by transferring private-sector expenses to taxpayers, increasing infrastructure costs, and limiting the City's ability to deliver essential public improvements.

In response to similar legislation, SB 489 (2025), officials from the **City of Liberty** assumed that this proposal would have a significant negative fiscal impact on the City. Requiring the City to reimburse telecommunication, cable and internet providers for facility relocation due to road maintenance or construction would make investments in the City's infrastructure cost-prohibitive and block future road expansion plans. It was estimated that this proposed legislation would add an additional 10-30% to the total project costs. A simple cross road pipe replacement could cost an extra \$10,000 to \$30,000 depending on the number of companies with facilities in that area, for a major roadway improvement project, the impact could easily be in the millions of dollars in increased cost.

In response to similar legislation, SB 489 (2025), officials from the **City of Osceola** assumed the proposal would have a fiscal impact but did not provide any additional information.

Oversight assumes local political subdivisions could incur costs related to this proposal and if multiple cities and counties enact the provisions of this proposal then the cost could be significant. Therefore, Oversight will reflect a fiscal impact of "Unknown" to local political subdivisions.

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

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
STATE ROAD FUND (1320)			
<u>Cost</u> – MoDOT (§§67.1849, 71.340, 226.220 & 226.224) Reimbursing costs of non-rate regulated utility providers for facility relocation. p.3	(\$48,000,000 to \$54,000,000)	(\$48,000,000 to \$54,000,000)	(\$48,000,000 to \$54,000,000)
ESTIMATED NET EFFECT ON THE STATE ROAD FUND	(\$48,000,000 to \$54,000,000)	(\$48,000,000 to \$54,000,000)	(\$48,000,000 to \$54,000,000)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> – (§§67.1849, 71.340, 226.220 & 226.224) Reimbursing costs of non-rate regulated utility providers for facility relocation. p.3-5	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	(Unknown)	(Unknown)	(Unknown)

FISCAL IMPACT – Small Business

Small non-rate regulated utility providers could be positively impacted as a result of this proposal.

FISCAL DESCRIPTION

This proposal creates provisions relating to utility facility relocation.

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

Department of Commerce and Insurance
Missouri Department of Transportation
City of Kansas City
City of Liberty
City of Osceola
City of Richmond Heights
City of Weldon Spring
City of Columbia



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March 30, 2026



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