

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3472-01  
Bill No.: SB 526  
Subject: Fees; Political Subdivisions; Department of Revenue  
Type: Original  
Date: January 10, 2020

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Bill Summary: This proposal modifies provisions relating to video service providers.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Local Government</b>	<b>(Unknown, could exceed \$416,667)</b>	<b>(Unknown, could exceed \$500,000)</b>	<b>(Unknown, could exceed \$500,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section(s) 67.1846, 67.2677 and 67.2689

Officials from the **City of Springfield (Springfield)** state there is a negative fiscal impact to Springfield. The exact impact is unknown at this time due to the amended definition of “gross receipts,” but based on Springfield’s previous revenue, the negative impact could be in excess of \$500,000.

**Oversight** notes the definition of “gross revenue” has been changed so that amounts billed to customers of video service providers or amounts received by video service providers from advertisers for: rental of set top boxes and other video service equipment, service charges, administrative charges, and a pro rata portion of all revenue derived for advertising are no longer included within the definition.

Officials from the **City of Kansas City (Kansas City)** state this legislation would have a negative fiscal impact on Kansas City but the city is unable to calculate the amount.

**Oversight** notes this proposed legislation states no political subdivision, including grandfathered political subdivisions, may adopt a linear foot fee to be charged to any entity that holds a franchise or video service authorization. Furthermore, this proposed legislation would change the definition of “gross revenue” for video service providers, which is used to calculate the video service provider fee paid to political subdivisions in which video service providers operate. Furthermore, in conjunction with the change in the gross revenue definition, the calculation of the video service provider fee is changed so the fee becomes five percent of the first twenty dollars (\$20) billed to each customer of the video service provider instead of five percent of the aggregate amount of gross revenues recognized. Lastly, this proposed legislation states that no additional fee, charge, tax, or like mechanism may be imposed upon video service providers for: (1) the placement, construction, or modification of facilities integrated with or attached to a video service network or (2) the provision by which such video service provider or affiliate of any service over a video service network.

Officials from the **Office of Administration - Division of Budget & Planning (B&P)** state the proposed legislation should not result in additional costs or savings to B&P.

Subsection 67.1846.3 forbids political subdivisions, including grandfathered political subdivisions, from adopting a linear foot fee charge to entities that hold a franchise or video service authorization.

ASSUMPTION (continued)

Subsection 67.2677.6 changes the definition of "gross revenue" to no longer include in the total: rental of set top boxes, modems or other equipment used to provide video services; service charges related to the provision of video services; administrative charges related to the provision of services; and a pro rata portion of all revenues derived from advertising.

Subsection 67.2689.1 changes the amount a franchise entity may collect from not more than five percent of the gross revenues of a video service provider providing services in the geographic area, to not more than five percent of the first twenty dollars of the gross revenues charged to each customer of a video service provider that is providing video services in the geographic area.

The act repeals the sunset date for the Uniform Small Wireless Facility Deployment Act.

The proposal has 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 this proposed legislation would repeal the sunset date for the Uniform Small Wireless Facility Act. The sunset date for the Uniform Small Wireless Facility Act is currently January 1, 2021.

**Oversight** notes the **Missouri Department of Commerce and Insurance**, the **Missouri Department of Revenue**, and the **Missouri State Treasurer's Office** 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 impact in the fiscal note for these organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	\$0	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>POLITICAL SUBDIVISIONS - Cities and Counties</b>			
<u>Revenue Reduction</u> - (Section(s) 67.1846, 67.2677 and 67.2689) - Video Service Provider Fees	<u>(Unknown, could exceed \$416,667)</u>	<u>(Unknown, could exceed \$500,000)</u>	<u>(Unknown, could exceed \$500,000)</u>
<b>ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS</b>	<b><u>(Unknown, could exceed \$416,667)</u></b>	<b><u>(Unknown, could exceed \$500,000)</u></b>	<b><u>(Unknown, could exceed \$500,000)</u></b>

FISCAL IMPACT - Small Business

This proposed legislation could impact any small business operating as a video service provider.

FISCAL DESCRIPTION

No political subdivision shall adopt a linear foot fee to be charged to any entity that holds a franchise or video service authorization.

The act modifies the definition of "gross revenues".

Currently, franchise entities may collect a video service provider fee equal to not more than 5% of the gross revenues of a video service provider providing service in the geographic area of such franchise entity. Under the act, a franchise entity may collect a video service provider fee equal to not more than 5% of the first \$20 of the gross revenues charged to each customer of a video service provider that is providing video service in the geographic area of such franchise entity. A franchise entity or political subdivision shall not demand any additional fees, licenses, gross receipt taxes, or charges on a video service provider that holds a video service authorization, or an affiliate of such video service provider, with respect to: the placement, construction, or modification of facilities integrated with or attached to a video service network within the geographic area of the franchise entity or other political subdivision; or the provision by such video service provider operator or affiliate of any service over a video service network within the geographic area of the franchise entity or other political subdivision.

FISCAL DESCRIPTION (continued)

Finally, the act repeals the sunset date for the Uniform Small Wireless Facility Deployment Act.

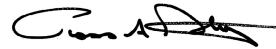
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Office of Administration - Division of Budget & Planning  
Missouri Department of Insurance and Commerce  
Missouri Department of Revenue  
Missouri State Treasurer's Office  
City of Kansas City  
City of Springfield



Julie Morff  
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January 10, 2020



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January 10, 2020