

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4107-01  
Bill No.: SB 874  
Subject: Cities, Towns and Villages; Contracts and Contractors; Counties; Internet and E-mail; Political Subdivisions  
Type: Original  
Date: March 5, 2020

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Bill Summary: This proposal allows two or more municipalities to form a broadband infrastructure improvement district for the delivery of broadband internet service to the residents of such municipalities.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<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>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<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 4 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>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **City of Columbia** assume there would be no fiscal impact for the City of Columbia unless the City Council authorized a ballot issue and voters approved the proposition. It is not possible to estimate the costs, but they would include, at least, the cost of the election; the broadband bidding processing; the broadband service contract; administration and operation of the district (staff, supplies, furniture, office space); and possibly audit costs.

Officials at the **Office of the Secretary of State** and the **Department of Commerce and Insurance** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **City of Kansas City** assume no fiscal impact from this proposal.

**Oversight** notes the Office of the Secretary of State, the Department of Commerce and Insurance and the City of Kansas City have stated the proposal would not have a direct fiscal impact on their organizations. 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 cities and counties 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** notes that some of the costs mentioned by the City of Columbia could be offset through grants, loans, bonds, or user fees. Oversight notes per §71.1000.6, the district shall not levy, assess, apportion, or collect any tax upon property within the district to offset these costs. Oversight assumes the two or more municipalities would not take action from this proposal unless there was an economic benefit to the municipalities and approval by the majority of voters to form a broadband infrastructure improvement district. Therefore, Oversight will reflect a \$0 impact to Local Political Subdivisions for this proposal.

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

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

Small businesses that service broadband internet services within these districts could have a direct fiscal impact as a result of this proposal.

### FISCAL DESCRIPTION

This act allows two or more municipalities to form a broadband infrastructure improvement district for the delivery of broadband internet service to the residents of such municipalities. A district created under the act shall have to power to contract with a broadband internet service provider to provide broadband internet service to the residents of the district.

A district may finance the provision or expansion of broadband internet service through grants, loans, bonds, or user fees, but shall not have the power to levy, assess, apportion, or collect any tax upon property within the district nor upon any of its members.

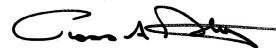
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

City of Columbia  
Office of the Secretary of State  
Department of Commerce and Insurance  
City of Kansas City



Julie Morff  
Director  
March 5, 2020



Ross Strobe  
Assistant Director  
March 5, 2020