

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1193-04
Bill No.: SCS for HCS for HB 345
Subject: Public Service Commission; Telecommunications
Type: Original
Date: May 8, 2013

Bill Summary: This proposal modifies provisions relating to telecommunications.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

§§67.5090, 67.5092, 67.5094, 67.5096, 67.5098, 67.5100, 67.5102, 67.5103 - Infrastructure facilities deployment

In response to the Perfected version of this proposal, officials from the **Office of Secretary of State (SOS)**, assumed many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes 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 their office can sustain with their core budget. Therefore, SOS reserves 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 with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **City of Columbia** assume their city is likely to lose at least \$100,000 in lease revenue as a result of this proposal.

In response to SB 241, officials from **St. Charles County** assumed they could incur losses for actual costs exceeding the fee limitation in the bill for issuing permits for wireless support structures. The legislation does not make provisions to collect additional amounts when actual costs exceed allowable charges. They could also incur costs to dismantle and remove abandoned wireless support structures.

ASSUMPTION (continued)

Also in response to SB 241, officials from **St. Louis County** assumed the following revenue, costs, and losses as they relate to this legislation:

<u>Revenues</u>	
Tenants for new towers	\$450,000
Access/Utility Easements to new sites	\$ 60,000
<u>Costs</u>	
Dismantle tower site	(\$ 50,000)
Joint Market Analysis	(\$ 40,000)
<u>Losses</u>	
Loss of land use	(\$150,000)
Loss of potential and existing tenants from existing to new towers	<u>(\$960,000)</u>
NET LOSS	(\$730,000)

In response to the introduced version of this bill, officials from the **City of Kansas City** estimated fiscal impact as follows:

No increase in revenue would be experienced by this legislation unless additional providers seek the use of City property beyond the rate now experienced by Kansas City, at which time additional revenue (and costs) may be experienced.

Because the legislation denies cities the ability to regulate in many areas, there can be savings because inquiries into issues that may be important to neighborhoods are no longer appropriate for local review.

The amount of any additional cost cannot be estimated because it will be dependent upon the number of requests received from carriers for permission to use City property and the number of appraisals that will be required if the market rate cannot be determined through negotiation.
(§67.5102(2))

Costs incurred can be direct - payment of attorney's fees if the city makes an error in denying an application - or indirect when local government is forced to always err on the side of industry and against neighborhoods or others opposing certain placement.

Because this legislation establishes a regulated market, the city may not be able to negotiate for

ASSUMPTION (continued)

upper market or above market lease rates.

Oversight assumes the fiscal impact is speculative and, for fiscal note purposes only, will assign no direct fiscal impact for the City of Kansas City.

In response to Perfected version of this bill, officials from the **Department of Natural Resources, Administrative Hearing Commission,** and the **Metropolitan St. Louis Sewer District** each assumed no direct fiscal impact.

Officials from the **Department of Economic Development - Public Service Commission** and **Office of Public Counsel, Office of State Courts Administrator,** and the **Joint Committee on Administrative Rules** each assume the proposal would not fiscally impact their respective agencies.

§§389.585, 389.586, 389.587, 389.588, 389.589, 389.591- Railroad right-of-way

In response to a similar proposal regarding the regulating of the crossing of railroad right-of-ways by certain utilities (SB 418), officials from the **Department of Economic Development - Public Service Commission** and **Office of Public Counsel, Administrative Hearing Commission, Department of Transportation, Office of State Courts Administrator, Department of Natural Resources, St. Louis County,** and the **Metropolitan St. Louis Sewer District** each assumed the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Loss</u> - Tower leases and related expenses	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)

FISCAL IMPACT - Small Business

§392.420 - Small businesses operating in areas served by small, incumbent local exchange telecommunications companies could see an increase in telecommunications charges.

FISCAL DESCRIPTION

§§67.5090, 67.5092, 67.5094, 67.5096, 67.5098, 67.5100, 67.5102 - Infrastructure facilities deployment

This proposal outlines the application approval process for construction of wireless facilities and support structures. Certain state, county, and municipal authorities (authorities) that make decisions relating to the construction of wireless facilities and support structures are prohibited from requiring certain information from applicants, basing their decisions on certain information, or creating certain regulations, as outlined in this act.

Authorities are prohibited from regulating the installation of wireless facilities on utility poles.

Authorities may continue to exercise zoning, land use, planning, and permitting authority within their territorial boundaries with regard to applications for substantial modifications of wireless support structures.

Parties whose application for new wireless support structures, substantial modification of wireless support structures, or collocation is denied may bring an action in court.

Authorities are prohibited from instituting a moratorium on new wireless support structures or collocations. Authorities are required to offer leases to applicants for use of public lands of the authority.

FISCAL DESCRIPTION (continued)

§392.420

Currently, alternative local exchange telecommunications companies providing basic local telecommunications services are exempt from certain requirements. This act creates an additional exemption for price caps established by the Public Service Commission.

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 Economic Development
 Public Service Commission
 Office of Public Counsel
Office of State Courts Administrator
Administrative Hearing Commission
Department of Transportation
Department of Natural Resources
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
Cities
 Kansas City
 Columbia
Counties
 St. Louis County
 St. Charles County
Utilities
 Metropolitan St. Louis Sewer District



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