

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 1160-01
Bill No.: HB 292
Subject: Political Subdivisions: Utilities, Franchise Fee
Type: Original
Date: February 1, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue - Division of Taxation and Collection** assume no fiscal impact to their department.

Officials of the **Department of Economic Development- Public Service Commission** and the **Office of Public Counsel** assume no fiscal impact to their departments.

Officials of the **City of Springfield** stated that this bill will impact revenues for cities and counties. It requires, for the first time, a credit for franchise fees paid against franchise fees. Franchise fees are the rental paid to cities for use of their rights-of-way. This section deals with franchise fees that may be charged. It seems that it is requiring a credit for the amount being paid. Springfield does not have a linear foot charge like the one the statute is speaking to. However, other cities do and if they are required to give a full credit for the franchise fee against the franchise fee, the rental is in effect free. This could result in hundreds of millions of dollars a year to cities across the state.

ASSUMPTION (continued)

Oversight assumes local governments would change their ordinances to make the process of right-of-way management beneficial for themselves. Oversight assumes no local fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that are Utility Right-of-Way users would be expected to save some revenue as a result of this proposal.

DESCRIPTION

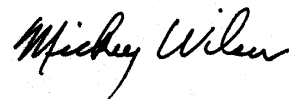
This bill authorizes a credit for franchise fees paid by a public utility right-of-way user against user fees owed to a political subdivision. Currently, the credit is only allowed for business license taxes and gross receipts taxes.

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 Economic Development
Public Service Commission
Public Counsel
Department of Revenue
City of Springfield



Mickey Wilson, CPA
Director
February 1, 2005