

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4947H.02C
 Bill No.: HCS for HB 2279
 Subject: Department of Transportation; Roads and Highways; Cities, Towns, and Villages
 Type: Original
 Date: February 14, 2024

Bill Summary: This proposal requires the display of city populations on city limit signs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
State Road Fund (0320)*	(Less than \$1,250,000)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(Less than \$1,250,000)	\$0	\$0

*The potential costs to the State Road Fund would only be realized **if** MoDOT is required to pay for the signs **above and beyond** the funds available in the Missouri Medal of Honor Fund.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Federal Funds*	(Unknown, could exceed \$250,000)	(Unknown, could exceed \$250,000)	(Unknown, could exceed \$250,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown, could exceed \$250,000)	(Unknown, could exceed \$250,000)	(Unknown, could exceed \$250,000)

*MoDOT assumes a potential loss in federal funding with the implementation of this proposal, if Missouri is deemed to be out of compliance with federal regulations.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	(Unknown)	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§71.025 – City Limit Signs

Officials from the **Missouri Department of Transportation (MoDOT)** state the Code of Federal Regulations requires MoDOT to comply with the Manual on Uniform Traffic Control Devices (MUTCD), which represents the national standard for the application of traffic control devices on all roadways open to public travel. The 11th Edition of the MUTCD, published in 2023, includes a new federal regulation prohibiting any additional information on city limit signs, such as populations. Noncompliance could jeopardize federal highway funds as determined by the Federal Highway Administration, with an unknown negative fiscal impact. It costs MoDOT forces an average of \$1 million every 10 years to update city population signs when a new census is released because the signs do not age out at the same time the update is needed.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the MoDOT. For fiscal note purposes, Oversight will reflect the \$1 million estimated cost all in FY 2025. Oversight assumes, because of the new federal regulations in 2023, existing signs have not been updated with any additional information on city limit populations. In order to comply with the requirements of this proposal, Oversight will assume any cost to update city limit signs will be done in FY25 for this proposal.

Oversight has requested additional information from the MoDOT regarding if the potential loss in federal funds could reach the \$250,000 threshold. MoDOT states they don't have an estimate for what the amount would be as a percentage of Highway Funds penalized. This amount would be determined by the Federal Highway Administration, however, MoDOT assumes the amount could exceed \$250,000. Therefore, Oversight will reflect an unknown loss that could exceed \$250,000 in Federal Funds.

Officials from the **City of Kansas City** assume the proposed legislation will have a negative fiscal impact of an indeterminate amount.

Oversight has requested additional information from the City of Kansas City regarding their response. Upon the receipt of this information, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note if needed.

Oversight will also assumes cities could have similar costs by having to update their city limit signs (other than MoDOT signs) from this proposal. Therefore, Oversight will also reflect an unknown cost to cities and counties for this proposal in FY 2025 (and every ten years thereafter).

§§226.540 & 226.550 – Outdoor Advertising

Officials from the **Department of Transportation (MoDOT)** assume this proposal would waive the permit fee and biennial fee for landowners, provided the landowner is the permit holder and owns both the land the sign is located on and the business advertised on the sign.

This proposal is estimated to have a negative fiscal impact to MoDOT of \$250 annually.

Language added under §226.540(4) may increase new permit fees and biennial inspection fees collected in un-zoned areas by \$6,000 annually. In 2023, there were 24 billboard permits issued in un-zoned areas along a primary route. MoDOT estimates that language under §226.540(4) would allow an additional 24 permits to be issued in un-zoned areas along a primary route on the opposite side of the travel way.

24 billboard permits x \$200 new permit fee = \$4,800

Biennial inspection fee of \$100 x 24 billboard permits issued / 2 = \$1,200

\$4,800 + \$1,200 = \$6,000 annually

Language added under §226.550.1, 2, and 4 may decrease the biennial inspection fees for landowners by \$6,250 annually.

There are 125 (estimated) landowners that are also the permit holder and advertiser x \$100 biennial inspection fee / 2 = \$6,250.

Cumulative impact is \$6,250 - \$6,000 = \$250

Oversight does not have any information to the contrary in regards to MoDOT's estimates. Oversight assumes the potential change in revenue and costs is not material; therefore, Oversight will not reflect this on the fiscal note.

§226.1170 – Ozark Highlands Region

Officials from the **Missouri Department of Transportation** assume the proposal will have no fiscal impact on their respective organization as the costs are to be paid by private donation.

Oversight notes that the above mentioned agency has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§227.850 – Road signs honoring persons who have killed or attempted to kill a law enforcement officer

Officials from the **Missouri Department of Transportation** assume the proposal will have no fiscal impact on their organization.

Oversight notes that the above mentioned agency has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§227.855 – Recipients of the Congressional Medal of Honor

Officials from the **Missouri Department of Transportation (MoDOT)** assume there will be no fiscal impact to the department as the signs would be funded through the Missouri Medal of Honor Recipients Fund (0401) per §226.925. As of 2021, there were 99 Congressional Medal of Honor recipients in Missouri. The participation fee used for memorial designations is \$4,000 which covers two signs, one in each direction. Therefore, the cost would be **\$396,000** (99 (number of recipients) * \$4,000 (cost for signs))

Oversight notes the Missouri Medal of Honor Recipients Fund (0401) had a balance of \$244,662 as of January 31, 2024.

Oversight notes some recipients could be from the same town and appear on the same sign. Currently, there may not be enough funds in the Missouri Medal of Honor Fund to cover these costs. The proposal does not determine what occurs when this happens; therefore, Oversight will reflect a \$0 (MoDOT waits for additional funds to be deposited into the Missouri Medal of Honor Fund) up to “Less than \$250,000” cost to the State Road Fund (if MoDOT is required to install the signs regardless of available funds.) Oversight will reflect the costs in FY 2025 only as we assume there will not be a significant number of recipients each year once the initial signs are installed. Oversight assumes there will be available funds at that point to cover the costs of the signs for new recipients.

Responses regarding the proposed legislation as a whole

Officials from the **Department of Revenue** and the **Joint Committee on Administrative Rules** each assume the proposal will have no 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 agencies.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that

this is a small amount and does not expect that additional funding would be required to meet these costs. However, the 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 the office can sustain with its core budget. Therefore, the 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 only reflects the responses received from state agencies and political subdivisions; however, other cities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
STATE ROAD FUND (0320)			
<u>Cost – MoDOT – updated information on population to city limit signs (§71.025)</u>	(Up to \$1,000,000)	\$0	\$0
<u>Cost – MoDOT – potential costs for signs for Missouri Medal of Honor recipients §227.855</u>	\$0 or (Less than \$250,000)	\$0	\$0
ESTIMATED NET EFFECT ON THE STATE ROAD FUND	<u>(Less than \$1,250,000)</u>	<u>\$0</u>	<u>\$0</u>
FEDERAL FUNDS			
<u>Loss – MoDOT – potential loss in funding with the implementation of this proposal (§71.025)</u>	<u>(Unknown, could exceed \$250,000)</u>	<u>(Unknown, could exceed \$250,000)</u>	<u>(Unknown, could exceed \$250,000)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(Unknown, could exceed \$250,000)</u>	<u>(Unknown, could exceed \$250,000)</u>	<u>(Unknown, could exceed \$250,000)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
CITIES AND COUNTIES			
<u>Cost</u> – updated information on population to city limit signs (other than MoDOT signs) (§71.025)	<u>(Unknown)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON FUNDS FOR CITIES AND COUNTIES	<u>(Unknown)</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Certain small businesses would not have to pay a one-time permit fee and biennial inspection fee for outdoor advertising. (§§226.540 & 226.550)

FISCAL DESCRIPTION

This bill requires city populations to be included on city limit signs. (§71.025)

§§226.540 & 226.550 – Outdoor Advertising

This act modifies provisions relating to outdoor advertising.

The definition of "un-zoned commercial and industrial land" is modified to include lands in the same dimensions as existing "un-zoned commercial and industrial land" located on the opposite side of a non-freeway primary highway, irrespective of zoning and use. This definition shall not extend to land adjacent to an interstate highway or a freeway primary highway.

The act also provides that the one-time \$200 fee for an outdoor advertising permit shall be waived for permit holders who own both the land on which an outdoor advertisement is placed and the business being advertised on the sign, so long as the business is located within 750 feet of the sign location. This act further specifies that the \$100 biennial inspection fees shall be waived for such landowners.

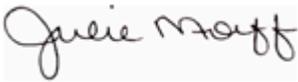
§227.855 – Recipients of the Congressional Medal of Honor

This bill requires the Department of Transportation to place a sign on the city limits of the hometown of any Missouri resident who is a recipient of the Congressional Medal of Honor. The sign must have the words "Congressional Medal of Honor Recipient", the name of the recipient, and the year in which the honor was awarded. The sign will be paid for, erected, and maintained by the Department.

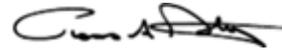
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Department of Transportation
City of Kansas City
Department of Revenue
Joint Committee on Administrative Rules
Office of the Secretary of State



Julie Morff
Director
February 14, 2024



Ross Strobe
Assistant Director
February 14, 2024