

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1025H.02C
Bill No.: HCS for HB 272
Subject: Roads and Highways; Business and Commerce; Department of Transportation
Type: Original
Date: March 19, 2025

Bill Summary: This proposal modifies provisions relating to outdoor advertising.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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

*\$1 million in costs to include city populations on city limit signs.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Federal Highway Funds*	(Unknown, could exceed \$130,250,000)	(Unknown, could exceed \$130,250,000)	(Unknown, could exceed \$130,250,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown, could exceed \$130,250,000)	(Unknown, could exceed \$130,250,000)	(Unknown, could exceed \$130,250,000)

*Potential loss of federal funds exceeding \$130 million due to noncompliance of federal regulations for §§71.025 & 226.510.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§71.025 – City Populations on 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 prohibition on sign clutter caused by the inclusion of additional information on city limit signs, such as populations. Noncompliance could jeopardize federal highway funds as determined by the Federal Highway Administration, to an unspecified degree, resulting in an unknown negative fiscal impact on the department.

It costs MoDOT 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 MoDOT. For fiscal note purposes, Oversight will reflect the \$1 million estimated cost all in FY 2026. 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 FY 2026 for this proposal.

Oversight will also reflect a \$0 (Missouri is found to be in compliance with federal regulations) to an “Unknown” loss of federal highway funds (Missouri is found to be out of compliance with federal regulations). Oversight assumes the potential loss of federal highway funds could exceed \$250,000.

Officials from the **City of Kansas City** and **City of Osceola** 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions 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.

§226.006 – Dynamic Messaging Signs

Officials from the **Missouri Department of Transportation** assume the provision will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

§226.510 – Advertising on Fencing or Fields Owned or Leased by Schools

Officials from the **Missouri Department of Transportation (MoDOT)** state the department has been warned by Federal Highway Administration (FHWA) that this section may constitute a failure to maintain effective control of outdoor advertising as required by 23 USC 131(c) and 23 CFR 750.705. This could cause Missouri to lose up to ten (10) percent of its annual share of FHWA construction money as provided in 23 USC 131(b) and Missouri's federal-state agreement between MoDOT and the Federal Highway Administration dated February 22, 1972. Ten percent of federal aid dollars equates to approximately **\$130 million**.

Oversight does not have information to the contrary and therefore, Oversight will reflect a \$0 (Missouri is found to be in compliance with federal regulations) to a loss of \$130 million in federal highway funds (Missouri is found to be out of compliance with federal regulations).

§§226.540 & 226.550 – Outdoor Advertising Permits

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 \$2,750 annually.

Language added under §226.540(4) may increase new permit fees and biennial inspection fees collected in un-zoned areas by \$3,500 annually. In 2024, there were 14 billboard permits issued in un-zoned areas along a primary route. MoDOT estimates that language under §226.540(4) would allow an additional 14 permits to be issued in un-zoned areas along a primary route on the opposite side of the travel way.

14 billboard permits x \$200 new permit fee = \$2,800

Biennial inspection fee of \$100 x 14 billboard permits issued / 2 = \$700

\$2,800 + \$700 = \$3,500 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 - \$3,500 = \$2,750

Oversight assumes MoDOT is provided with core funding to handle a certain amount of activity each year. Oversight assumes MoDOT could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, MoDOT could request funding through the appropriation process.

§226.1170 – Ozark Highland Spirits Region Signage

Officials from the **Missouri Department of Transportation** assume the provision will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

§227.850 – Memorial Sign Provisions

Officials from the **Missouri Department of Transportation** assume the provision will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

§227.855 – Medal of Honor Signs in Missouri Recipients' Hometowns

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. MoDOT notes as of 2021, there were 99 Congressional Medal of Honor recipients in Missouri. There is a \$4,000 fee for two signs, one in each direction.

Oversight notes the Missouri Medal of Honor Recipients Fund (0401) had a balance of \$350,995 as of December 31, 2024.

Oversight notes 99 (number of recipients) x \$4,000 (cost for signs) = **\$396,000**; however, some recipients could be from the same town and appear on the same sign. Currently, there are not 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 2026 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.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

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.

[illegible]

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
FEDERAL HIGHWAY FUNDS			
<u>Loss</u> – MoDOT – potential loss in funding with the implementation of this proposal (§71.025) p. 3	(Unknown, could exceed \$250,000)	(Unknown, could exceed \$250,000)	(Unknown, could exceed \$250,000)
<u>Loss</u> – MoDOT – potential loss in funding with the implementation of this proposal (§226.510) p. 4	(Up to \$130,000,000)	(Up to \$130,000,000)	(Up to \$130,000,000)
ESTIMATED NET EFFECT ON FEDERAL HIGHWAY FUNDS	(Unknown, could exceed \$130,250,000)	(Unknown, could exceed \$130,250,000)	(Unknown, could exceed \$130,250,000)

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</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.

FISCAL DESCRIPTION

This proposal modifies provisions relating to outdoor advertising.

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
Office of the Secretary of State
Joint Committee on Administrative Rules
City of Kansas City
City of Osceola



Julie Morff
Director
March 19, 2025



Jessica Harris
Assistant Director
March 19, 2025