

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4656H.02C
Bill No.: HCS for HB 2145
Subject: Roads and Highways; Business and Commerce; Department of Transportation
Type: Original
Date: January 29, 2026

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
State Road Fund (1320)	(Up to \$1,000,000)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(Up to \$1,000,000)	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
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 2027. 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 2027 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.

§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

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 \$2,500 annually.

Language added under §226.540(4) may increase new permit fees and biennial inspection fees collected in un-zoned areas by \$3,750 annually. In 2025, there were 15 billboard permits issued in un-zoned areas along a primary route. MoDOT estimates that language under §226.540(4) would allow an additional 15 permits to be issued in un-zoned areas along a primary route on the opposite side of the travel way.

15 billboard permits x \$200 new permit fee = \$3,000

Biennial inspection fee of \$100 x 15 billboard permits issued / 2 = \$750

\$3,000 + \$750 = \$3,750 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 - \$3,750 = \$2,500

Oversight assumes MoDOT is provided with core funding to handle a certain amount of activity each year. Oversight assumes MoDOT could absorb the loss 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.

Bill As a Whole

Officials from the **City of Kansas City** assume the proposal 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 for this agency.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not.

Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
STATE ROAD FUND (1320)			
<u>Cost</u> – MoDOT (§71.025) Updated information on population to city limit signs p.3	(Up to <u>\$1,000,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE STATE ROAD FUND	(Up to <u>\$1,000,000</u>)	<u>\$0</u>	<u>\$0</u>
FEDERAL HIGHWAY FUNDS			
<u>Loss</u> – MoDOT (§71.025) Potential loss in funding with the implementation of this proposal p.3	(Unknown, could exceed \$250,000)	(Unknown, could exceed \$250,000)	(Unknown, could exceed \$250,000)
<u>Loss</u> – MoDOT (§226.510) Potential loss in funding with the implementation of this proposal p.3	(Up to <u>\$130,000,000</u>)	(Up to <u>\$130,000,000</u>)	(Up to <u>\$130,000,000</u>)
ESTIMATED NET EFFECT ON FEDERAL HIGHWAY FUNDS	(Unknown, could exceed <u>\$130,250,000</u>)	(Unknown, could exceed <u>\$130,250,000</u>)	(Unknown, could exceed <u>\$130,250,000</u>)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<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

CITY POPULATION SIGNS (Section 71.025)

This bill requires city populations to be included on city limit signs on state highways beginning August 28, 2026.

SIGNS ON ATHLETIC FIELD FENCES (Section 226.510)

The bill excludes from the definition of "outdoor advertising" any outdoor sign or other device that is attached to or part of the fencing or walls of an athletic field owned by a school or other 501(c)(3) entity. Such signs will not require a permit from the Department of Transportation as long as the intended audience of the signs is the patrons, participants, or attendees of an event occurring at the athletic field.

ADVERTISING ON LAND ACROSS FROM A BUSINESS (Section 226.550)

This bill allows businesses to erect certain highway signs and waives the current \$200 outdoor advertising fee and biennial inspection fee for such highway signs under Section 226.550, RSMo., when displayed by a landowner who also is the permit holder and owner of the business advertised on the sign if the business has a physical location within 750 feet of the sign.

SOURCES OF INFORMATION

Missouri Department of Transportation
City of Kansas City



Julie Morff
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January 29, 2026



Jessica Harris
Assistant Director
January 29, 2026