



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Law

To: City Council

From: City Manager & Staff

Council Meeting Date: November 6, 2023

Re: Amending Chapter 10 of the City Code Relating to Video Service Provider Fees

Executive Summary

Per Section 67.2689 RSMo that was adopted by the Missouri state legislature in 2021 regulating video service provider fees, an amendment to Chapter 10 of the City Code is required to comply with the enacted law.

Discussion

In 2021 the Missouri state legislature adopted a state statute that would require municipalities to systematically reduce the video service provider fee that is charged to a provider. The video services provider fee is a business license tax payment by a right-of-way user that provides video services. At the time the legislation implementing the reductions was passed, it was a part of a larger discussion in the state legislature regarding implementation of a state-wide fix for payment of use taxes on out-of-state purchases.

The video service provider fee in Columbia has historically been 5% of gross revenues, which was the prior maximum allowed by the 2007 Video Services Provider Act. The new reduction schedule mandated by Section 67.2689 RSMo is as follows:

- August 28, 2023 - 4.5% of gross revenues
- August 28, 2024 - 4% of gross revenues
- August 28, 2025 - 3.5% of gross revenues
- August 28, 2026 - 3% of gross revenues
- August 28, 2027 - 2.5% of gross revenues

Although the reduction in the fees is mandated and already implemented by state law, this ordinance would amend Section 10-2 of the City Code to reflect the state mandated reduction in the video service provider fee contained in the Code.

Fiscal Impact

Short-Term Impact: In FY 2022, \$577,078 in video service provider fees was received. The one-half percent (0.5%) reduction of fees would cause the amount to decrease by an additional \$55,000.00 each year.

Long-Term Impact: It is estimated that each one-half percent (0.5%) reduction in the fee will cause revenues collected to decrease by \$55,000.00 each year until 2027 at which time the annual revenues will be half of the current amount, which will be an approximate decrease of \$288,000 per year going forward.



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Strategic & Comprehensive Plan Impact

[Strategic Plan Impacts:](#)

Primary Impact: Not Applicable, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

[Comprehensive Plan Impacts:](#)

Primary Impact: Not Applicable, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable

Legislative History

Date	Action
09/17/2007	Ordinance No. 019672 (B305-07) - Repealed Chapter 10 of the City Code relating to franchise regulations; enacted a new Chapter 10 of the City Code relating to regulation of video service providers.

Suggested Council Action

Passage of the ordinance.