



TESTIMONY

January 21, 2026

HOUSE BILL 2155: REIMBURSEMENT FOR TELECOM COMPANIES

By David Stokes

Testimony before the Missouri House General Laws Committee

TO THE HONORABLE MEMBERS OF THIS COMMITTEE

My name is David Stokes, and I am director of municipal policy at the Show-Me Institute, a nonprofit, nonpartisan Missouri-based think tank that supports free-market solutions for state and local policy. The ideas presented here are my own.

House Bill 2155 (HB 2155) requires governments in Missouri that manage roads to compensate telephone, internet, and cable (telecom) companies for the cost of moving their equipment that is within the right-of-way (ROW) during road projects. Traditional utilities, including gas, water, and electrical companies, are allowed to recover the costs of moving their equipment for road projects during the rate-setting process with the Missouri Public Services Commission (PSC). Telecom companies are not regulated in the same manner by the PSC (nor should they be), and therefore they are not compensated for the cost of moving their equipment for road projects and other infrastructure improvements.

This is an issue that deserves a fair debate. Telecom agencies frequently pay governments for permits to operate in the ROW. Then they pay special taxes to local governments to provide service within a community. These taxes (commonly called utility taxes or gross receipts taxes) are over and above the standard property and sales taxes most private companies collect and pay.

Telecom companies may deserve compensation for relocation expenses similar to other traditional utilities that receive compensation for these costs (albeit in a different manner). I believe a reasonable case can be made for some level of reimbursement for moving costs in these cases, subject to any arm's-length agreement the parties have executed. I am particularly hopeful that the simple fact that payments might be required for relocation expenses would incentivize governments to work with telecom companies ahead of time to limit cases where relocations are required. Better planning and cooperation on road projects will hopefully lower the costs of these projects for both taxpayers and companies. Making relocation expenses reimbursable may also facilitate the expansion of telecom to underserved communities.¹

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HB 2155 is an attempt to address an area of reasonable concern for telecom companies. I believe this matter can be addressed by the legislature in a way that properly protects the rights—and takes into account the responsibilities—of state and local governments, protects the interests of taxpayers, and addresses the reasonable concerns of telecom companies. Thank you for the opportunity to submit this testimony.

NOTE

1. Rogers, Avery, “New research bolsters broadband access in rural areas,” St. Louis NPR, July 14, 2022.



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