**LEGISLATIVE BUDGET BOARD**
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 1, 2003**

**TO:** Honorable Harvey Hilderbran, Chair, House Committee on State Cultural and Recreational Resources

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE:** **HB2207** by Hilderbran (Relating to the regulation of outdoor advertising.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2207, As Introduced: an impact of $0 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

## General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|---|---|
| 2004 | $0 |
| 2005 | $0 |
| 2006 | $0 |
| 2007 | $0 |
| 2008 | $0 |

## All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from *STATE HIGHWAY FUND* 6 | Probable Revenue Gain/(Loss) from *FEDERAL FUNDS* 555 |
|---|---|---|
| 2004 | ($1,000,000) | ($148,332,417) |
| 2005 | ($1,000,000) | ($148,332,417) |
| 2006 | ($1,000,000) | ($148,332,417) |
| 2007 | ($1,000,000) | ($148,332,417) |
| 2008 | ($1,000,000) | ($148,332,417) |

## Fiscal Analysis

The bill would amend the Transportation Code to require the Texas Department of Transportation (TxDOT), a county, a municipality, or other governmental entity, a public utility, or a quasi-governmental entity to pay “just compensation” as if it made an acquisition by eminent domain, if it prevents the maintenance of existing outdoor advertising, or requires the discontinuation of such maintenance. The bill would clarify elements included in just compensation. The bill would establish requirements, guidance, and restrictions for relocating outdoor advertising; expand the means by which the Texas Transportation Commission (TTC) could acquire outdoor advertising; and would provide guidance and restrictions for removing and discontinuing maintenance on outdoor advertising. The bill would allow TxDOT to remove outdoor advertising signs erected or maintained in violation of the bill without payment of compensation to the owner or lessee.

The bill would allow an owner to either adjust the height of a sign or relocate a sign in accordance with the bill if its view and readability would be obstructed for reasons specified in the bill. The bill would require a county or municipality to provide for the height adjustment or relocation by a special exception to any applicable zoning ordinance; would allow an adjusted or relocated sign to be erected to a height and angle to make it visible to traffic; and would require that the sign be the same size as the previous sign. The bill would also require the TTC and any other governmental entity to provide written notice to outdoor advertising licensees and permit holders in accordance with the guidelines and requirements of the bill.

The bill would take effect September 1, 2003.

## Methodology

TxDOT assumes that outdoor advertising signs would be treated as real property instead of personal property under the provisions of the bill; that 10 signs would be acquired each year; and that costs to acquire signs would increase due to damage claims from owners of the signs and of the advertising on those signs. For the purposes of this analysis it is assumed that each acquired sign would cost an average of $100,000 based on TxDOT reported sign costs ranging from $18,000 to $969,000 over the lasts three years. In addition, TxDOT estimates a loss of approximately $148.3 million in federal fund reimbursements each year from a 10 percent penalty that would be assessed on Federal Highway Administration program apportionments due to guidelines and requirements for sign spacing, size, and height in the bill being in violation of the Highway Beautification Act.

## Local Government Impact

No significant fiscal implication to units of local government is anticipated. Local governmental entities may incur costs to notify license and permit holders of regulation changes, but the costs are not expected to be significant.

The cities of Abilene, Carrollton, Dallas, and Weatherford and the counties of Bexar, Dallas, El Paso, and Harris report no significant fiscal implications in implementing the provisions of the bill.

**Source Agencies:** 601 Department of Transportation

**LBB Staff:** JK, JO, CL, RT, MW, KG