

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 28, 2005

TO: Honorable Harvey Hilderbran, Chair, House Committee on Culture, Recreation, & Tourism

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB2135 by Phillips (Relating to the creation of a tourist-oriented directional sign program.),
As Introduced

While the overall fiscal impact to state costs would be insignificant, the enactment of the bill could result in a loss of federal highway fund revenues to the state in an amount of approximately \$199.4 million each year.

The bill would amend the Transportation Code to add a new section creating the state tourist-oriented directional sign program for certain eligible facilities. The bill would require the Texas Transportation Commission (TTC) to regulate the content, composition, design, placement, erection, and maintenance of tourist-oriented directional signs and supports on eligible highway rights-of-way and enter into contracts with an individual, firm, group, or association in the state to erect and maintain the signs. The bill would require the contracts to provide for the assessment of fees to be paid by an eligible facility to a contractor and the remittance of a portion of these fees to the Texas Department of Transportation (TxDOT) in an amount sufficient to cover program costs. The bill would prohibit TTC from establishing rules that limit the number of signs an eligible facility may receive; prohibit the erection of a sign for an eligible participant on more than one highway; or prohibit an eligible facility from receiving a sign due to the need to trailblaze to the location of the facility.

The bill would take effect on September 1, 2005.

Based on the analysis of TxDOT, certain provisions of the bill related to the tourist-oriented directional sign program would not conform to federal transportation guidelines for the placement of highway signs established in the national Manual on Uniform Traffic Control Devices (MUTCD). The MUTCD is adopted by reference in accordance with Title 23, United States Code, Section 109(d) and Title 23, Code of Federal Regulations, Part 655.603, and is approved as the national standard for designing, applying, and planning traffic control devices.

The federal provisions allow for the withholding of federal highway funds from states by an amount determined by the Secretary of Transportation for not maintaining compliance, which could result in the loss of federal highway funds. Based on other penalties established under the Transportation Equity Act, it is assumed that a penalty of 10 percent of certain funds apportioned under that Act would be withheld. According to information received by TxDOT, the state is expected to receive approximately \$3.7 billion total in fiscal year 2006 and \$3.2 billion total in fiscal year 2007 in all federal highway funds. Assuming that up to 10 percent of certain federal highway funds apportioned under the Transportation Equity Act could be withheld, it is estimated Texas could lose approximately \$199.4 million in future highway funds each year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 601 Department of Transportation

LBB Staff: JOB, WK, MW, TG