

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 21, 2005

TO: Honorable Mike Krusee, Chair, House Committee on Transportation

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

IN RE: SB1375 by Staples (Relating to the regulation of outdoor advertising.), **Committee Report 2nd House, Substituted**

<p>It is estimated the enactment of the bill could result in a loss of federal highway funds to the state in an amount of \$199.4 million each year.</p>
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The bill would amend Chapter 391, Transportation Code, to allow an owner of outdoor advertising to relocate the advertising if it may not be continued because of widening, construction, or reconstruction of a highway. The bill would require a county or municipality to provide for the relocation by a special exception to any applicable zoning ordinance. The bill would allow a relocated sign to be erected to a height and angle to make it visible to traffic and be the same size as the previous sign, subject to TxDOT rules. The bill would allow the Texas Department of Transportation (TxDOT) to remove outdoor advertising signs erected or maintained in violation of the Texas Highway Beautification Act without payment of compensation to the owner or lessee.

The bill would allow an owner to either adjust the height and angle of a sign or relocate a sign, notwithstanding height and maintenance requirements of the state, if its view and readability were to be obstructed for reasons specified in the bill.

TxDOT indicates that certain provisions of the bill would violate the Federal Highway Beautification Act. The Texas Legislature passed the Texas Highway Beautification Act to comply with the Federal Highway Beautification Act (Title 23, United States Code, §131), which requires states to control signs within 660 feet of interstate and primary highways, and beyond 660 feet in nonurban areas if the signs are designed to be and are visible from such highways. The Federal Act provides that if states fail to control such signs effectively, they risk losing ten percent of their federal highway funds.

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.

The bill would take effect September 1, 2005.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JOB, SR, MW, TG