LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 19, 2005

TO: Honorable Todd Staples, Chair, Senate Committee on Transportation & Homeland Security

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

IN RE: **SB1375** by Staples (Relating to the regulation of outdoor advertising.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1375, As Introduced: an impact of $0 through the biennium ending August 31, 2007.

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
2006	$0
2007	$0
2008	$0
2009	$0
2010	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from *STATE HIGHWAY FUND* 6
2006	($3,400,000)
2007	($3,400,000)
2008	($3,400,000)
2009	($3,400,000)
2010	($3,400,000)

Fiscal Analysis

The bill would amend Chapter 391of the Transportation Code, to require a county, a municipality, or other governmental entity other than the Texas Department of Transportation, 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 require a governmental entity or another entity with eminent domain authority to pay “just compensation” in the same manner if it requires the alteration or removal of a sign located on property acquired by the entity through a voluntary transaction. 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 a county or municipality 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, 2005.

Methodology

TxDOT assumes that outdoor advertising signs would be treated as real property instead of personal property under the provisions of the bill; that 34 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 $20,000 to $969,000 in recent years.

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.

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.

Source Agencies: 601 Department of Transportation

LBB Staff: JOB, SR, MW, TG, KJG