

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 1, 2007**

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

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

**IN RE: HB3710** by Krusee (Relating to outdoor advertising on certain toll roads.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would authorize the Texas Department of Transportation to enter into a comprehensive development agreement to allow a person to place off-premise outdoor media and advertising within the right-of-way of a state toll facility. The bill would exempt such outdoor media located on a state highway toll project, including a turnpike on the Trans-Texas Corridor, from the general restrictions on outdoor signs on rural roads.

The Texas Department of Transportation (TxDOT) indicates that certain provisions of the bill would violate the Federal Highway Beautification Act (Title 23, United States Code, Section 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 10 percent of their federal highway funds. According to information provided by TxDOT, \$1.5 billion of the state's federal highway funds would be subject to penalty provisions of the Federal Highway Beautification Act. Assuming that up to 10 percent of these federal funding apportionments to the state could be withheld, it is estimated Texas could lose approximately \$154.5 million in future highway funds each year. However, the bill does not require the department to enter into agreements for the placement of outdoor media within toll road right-of-way. Therefore, it is assumed TxDOT would not enter into a comprehensive development agreement for the placement of advertising along state toll projects if such advertising would jeopardize the state's federal highway funds.

The bill would take effect on September 1, 2007.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 601 Department of Transportation

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