

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 5, 2007

TO: Honorable John Carona, Chair, Senate Committee on Transportation & Homeland Security

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

IN RE: SB111 by Carona (Relating to certain rights of owners of outdoor advertising.), **As Introduced**

It is estimated the enactment of the bill could result in a loss of federal highway funds to the state in an amount of \$154.5 million each year.

The bill would amend the Transportation Code to allow the 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 and relocated to a location with a comparable vehicular traffic count. The bill would also allow an owner of outdoor advertising to either adjust the height and angle of a sign or relocate a sign, notwithstanding the height requirements of the state, if its view and readability are obstructed for reasons specified in the bill.

The bill would require any governmental entity that acquires outdoor advertising by eminent domain or causes the need for the advertising to be relocated to pay the costs related to the acquisition or relocation. If a governmental entity prohibits the relocation of advertising under the provisions of the bill, then the governmental entity would be required to pay just compensation as if the advertising were acquired through eminent domain under current law.

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, §131), which requires states to control signs within 660 feet of interstate and primary highways, and beyond 660 feet in non-urban areas if the signs are designed to be and are visible from such highways. The 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.

The bill would take effect on September 1, 2007.

Local Government Impact

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

Source Agencies: 601 Department of Transportation

LBB Staff: JOB, MW, TG, KJG