COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4499-01
Bill No.: HB 2097
Subject: Roads and Highways; Transportation; Transportation Department
Type: Original
Date: March 1, 2010

Bill Summary: Modifies various provisions relating to billboards.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
State Road Fund	$675,000	$675,000	$675,000
Total Estimated Net Effect on Other State Funds	**$675,000**	**$675,000**	**$675,000**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☐ Estimated Total Net Effect on All funds expected to exceed $100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed $100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Missouri Department of Transportation** (**MoDOT**) assume that since the department has not relocated or reset billboards there is no statistical data that is readily available to estimate the cost to reset. Thus an assumption is made with input from an industry representative that it would cost approximately 25% of the billboards value to reset the billboard in actual cost.

While it is highly unlikely, but for the purposes of this fiscal note it is assumed that no condemnation action will be necessary to acquire billboards when using the traditional method of acquisition.

It is estimated that the average value of a billboard structure is $150,000. Using the industry estimate of 25% of the value as an actual cost to reset. The average cost per billboard to reset would be $37,500.

It must be noted that the traditional method of purchase allows for salvage of the structure. Salvage values vary by structure; however using the industry's estimates the average salvage values should amount to approximately 50% of the billboards value. Salvage values are typically negotiated and often result in a reduction in salvage value thus a salvage value for the purpose of this exercise will be applied at 25%. An assumption will be made that all billboards acquired using the traditional method will be salvaged by the billboard owner.

Using the above estimates and assumptions the calculations below will show what is estimated as the net fiscal impact to the department:

Calculations under this legislation
37 billboards x $37,500 (actual reset cost) = $1,287,500
versus
The traditional method of acquisition/salvage
37 billboards x $150,000-$37,500 (salvage value) = $4,162,500

Potential Net Savings to the Department = $2,775,000

These calculations indicate that an estimated $2,775,000 could be saved under this legislation during FY 2011-2014 of the department's current approved STIP.

For the purpose of this fiscal note, **Oversight** assumes that of the 37 billboards to be moved in

FISCAL DESCRIPTION (continued)

the next four years that an average of 9 billboards a year will be moved. Therefore, MoDOT will have a savings of $675,000 per year.

Officials at the City of Columbia, City of Kansas City, City of Springfield, City of St. Louis, Boone County, Greene County, Jackson County and St. Louis County did not respond to **Oversight's** request for fiscal impact.

FISCAL IMPACT - State Government	FY 2011 (10 Mo.)	FY 2012	FY 2013
STATE ROAD FUND			
Savings - MoDOT resetting billboards	$675,000	$675,000	$675,000
ESTIMATED NET EFFECT ON STATE ROAD FUND	**$675,000**	**$675,000**	**$675,000**

FISCAL IMPACT - Local Government	FY 2011 (10 Mo.)	FY 2012	FY 2013
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

The impact to a small business that owns or leases billboards could be that they might lose billboard inventory and/or revenue if a billboard could not be reset. However, this proposal is no more bias against small businesses than large businesses.

FISCAL DESCRIPTION

This bill changes the laws regarding billboards. In its main provisions, this bill:

(1) Allows local authorities to adopt regulations regarding billboard size, lighting, and spacing provisions that are more restrictive than state law if they are reasonable, allow for customary industry usage, and comply with the intent of the provisions of the bill. Local regulations cannot have the intent or effect of prohibiting billboards on commercial or industrial property within 660

FISCAL DESCRIPTION (continued)

feet of certain highways. If a court rules that a local regulation is prohibitive, unreasonable, or fails to allow for customary industry usage, the statutory state requirements will apply until a valid ordinance is adopted by the local zoning authority;

(2) Prohibits the Highways and Transportation Commission from issuing new state sign permits after the date the commission approves funding for any phase or portion of construction or reconstruction of a street or highway until the completion of the project and requires all existing signs to conform to the requirements for outdoor advertising in effect on August 27, 1999;

(3) Allows an owner of an existing sign who meets all state requirements for outdoor advertising in effect on August 27, 1999, and the federal/state agreement and who voluntarily executes a partial waiver and reset agreement with the commission to reset signs on the same or adjoining property as long as the owner obtains the necessary local approval. Owners entering into a reset agreement with the commission will receive compensation for the actual cost of resetting the sign. Signs must be reconstructed with the same type of materials and cannot exceed the square footage of the original sign;

(4) Allows a sign owner 120 days from receiving a written notice that a sign will be displaced by construction to execute a reset agreement. If an owner fails to execute an agreement, the commission has the right to initiate normal condemnation procedures for the compensated removal of the sign;

(5) Allows local zoning authorities to prohibit an owner from resetting a qualifying sign that does not comply with local regulations but requires the local authorities to reimburse the commission for the cost to condemn the sign less the cost to reset the sign; and

(6) Requires all signs to be subject to the biennial inspection fees under Section 226.550, RSMo.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

JH:LR:OD

SOURCES OF INFORMATION

Missouri Department of Transportation

Not Responding
City of Columbia
City of Kansas City
City of St. Louis
Boone County
Greene County
Jackson County
St. Louis County

Mickey Wilson, CPA
Director
March 1, 2010

JH:LR:OD