

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4942-04
Bill No.: Truly Agreed To and Finally Passed SS for SB 607
Subject: Roads and Highways; Transportation; Transportation Department
Type: Original
Date: May 31, 2012

Bill Summary: This proposal establishes procedures for resetting billboards during periods of highway construction.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Missouri Department of Transportation (MoDOT)** assume 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 proposal:

20 billboards x \$37,500 (actual cost to reset) = \$750,000

versus

The traditional method of acquisition/salvage

20 billboards x \$150,000 - \$37,500 (salvage value) = \$2,250,000

Potential Net Savings to the Department = \$1,500,000

These calculations indicate that an estimated \$1,500,000 could be saved under this proposal during FY 2012 - 2016 of the department's current approved STIP.

Oversight assumes there will be no fiscal impact to this proposal. In a previous response to a fiscal note, SB 57, 0374-02 (2009), MoDOT assumed no fiscal impact because they did not believe any savings would be realized until the start of the project and they did not have a time

ASSUMPTION (continued)

frame for the reconstruction. They also stated the current inventory of billboards along I-70 and I-44 was 2,189 billboards. If 50% were impacted the total billboards impacted would equal 1,095. If 70% were reset the total reset billboards would equal 767. This leaves 328 billboards that would be acquired under the traditional method. The average cost per billboard to reset would be \$37,500. In the previous fiscal note MoDOT currently had no plans for a major reconstruction or rebuild of I-70 or I-44 and did not anticipate the funds becoming available in the next three years for such a large project unless additional funding sources were identified.

Oversight assumes there is no impact from this legislation as there is currently no reconstruction occurring on I-70 or I-44. Oversight assumes that local governments can change their code provisions bringing them in line with this proposed state law and therefore reducing any costs associated with this policy.

Officials from the **City of Kansas City, St. Louis County** and **City of Columbia** assume there will be no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

Possibly if the billboard would have to be acquired and could not be reset. The impact to a small business that owns or leases billboards along I-70 and/or I-44 potentially could be that they might lose billboard inventory and/or revenue. These statutory changes are no more biased against small businesses than large businesses.

FISCAL DESCRIPTION

Under this act, on the date the Highways and Transportation Commission approves funding for any phase or portion of construction or reconstruction of any street or highway, the rules in effect for outdoor advertising on August 27, 1999, shall be reinstated for that section of highway scheduled for construction and there shall immediately be a moratorium imposed on the issuance of state sign permits for new sign structures.

Owners of existing signs which meet the requirements for outdoor advertising in effect on August 27, 1999, and the requirements of the federal/state agreement and who voluntarily execute a partial waiver and reset agreement may reset such signs on the same or adjoining property. Such reset agreements shall be contingent upon obtaining any required local approval to reset the sign structure. Any sign which has been reset must still comply with the August 27, 1999, outdoor advertising regulations after it has been reset.

Owners of existing signs who elect to reset qualifying signs shall receive compensation representing the actual cost to reset the existing sign. Signs which have been reset under the act must be reconstructed of the same type materials and may not exceed the square footage of the original sign structure.

Sign owners may elect to reset existing qualifying signs by executing partial waivers and reset agreements with the commission.

Upon the completion of construction on any section of highway, the moratorium on new permits shall be lifted and the rules for outdoor advertising in effect on the date the construction is completed shall apply to such section of highway.

Local zoning authorities may prohibit the resetting of qualifying signs which fail to comply with local regulations.

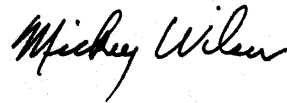
The act requires all signs to be subject to biennial inspection fees.

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

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SOURCES OF INFORMATION

Missouri Department of Transportation
City of Kansas City
City of Columbia
St. Louis County

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
May 31, 2012