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House Bill 4629 (Substitute S-1 as reported)  
Sponsor: Representative Bradford C. Jacobsen  
House Committee: Transportation and Infrastructure  
Senate Committee: Transportation

### **CONTENT**

The bill would amend the Highway Advertising Act to do the following:

- Modify the requirements for and the process to obtain annual and interim sign permits.
- Provide for digital billboard permits.
- Prescribe conditions for the replacement, maintenance, and continued existence of a nonconforming sign.
- Modify the requirements for a permit to manage vegetation growth near a sign.
- Provide that trimming or removing trees or shrubs within a highway right-of-way to make a sign more visible would be a misdemeanor punishable by imprisonment for up to 30 days or a maximum fine of \$10,000 or five times the value of the removed vegetation, whichever was greater, and eliminate a related felony offense.
- Require the Michigan Department of Transportation (MDOT) to develop and publish a replacement cost schedule for trees and shrubs to be removed under a vegetation management permit.
- Allow a single sign face to be divided into two smaller sign faces under certain conditions.
- Allow a nonstandard sign owner to surrender three interim permits to MDOT in exchange for a digital billboard permit.
- Prohibit a sign that was on property in which MDOT had a property interest, or in an adjacent area along a federally designated scenic byway if the sign did not exist before the designation.
- Require MDOT to send notice of a permit's cancellation to the permit holder.
- Allow an owner of a sign whose permit was cancelled for nonpayment to apply for a new annual permit by surrendering one interim permit.
- Allow MDOT to issue a permit for a sign less not more than 150 square feet in size that advertised a product, service, attraction, destination, or retail business that was owned and operated by the sign owner; and limit the number of these permits to four.
- Allow MDOT to issue nontransferrable permits for directional signs for nationally or regionally known activities or attractions that were of outstanding interest to the traveling public, subject to size and location requirements.
- Prohibit MDOT from erecting or authorizing the erection of a sign within the highway right-of-way, or planting vegetation, that would obstruct the visibility of another sign.
- Establish the Michigan Billboard Advisory Council, which would be effective for two years, to advise MDOT and the State Transportation Commission regarding general policy for effective control of outdoor advertising.
- Allow MDOT to enter into a voluntary agreement for a pilot program to address concerns and issues related to outdoor advertising control.

MCL 252.302 et al.

Legislative Analyst: Glenn Steffens

### **FISCAL IMPACT**

The bill would have a fiscal impact on the Michigan Department of Transportation. Revenue from the permits issued by MDOT for billboards and digital signs is deposited annually into

the State Trunkline Fund (STF). Based on information from MDOT for fiscal year 2012-13, the following is a breakdown of the potential effect on revenue to the STF and on MDOT resources.

The amount of revenue deposited into the STF for fiscal year 2011-12 totaled \$911,300. The proposed changes could increase the revenue deposited into the STF but the amount is indeterminate and would depend on the number of additional permits issued by MDOT.

The bill would increase the fee for late renewal of a permit from \$20 to \$50. Based on FY 2012-13 data, a late penalty was assessed for approximately 2,700 permits, resulting in approximately \$54,000 in revenue deposited into the STF. Assuming the same number of late renewals on an annual basis, the additional revenue would be approximately \$81,000.

The bill would require MDOT to conduct an administrative hearing for people violating vegetation removal provisions. According to MDOT, the Department has already made the appropriate changes and is conducting those hearings in anticipation of the proposed amendment. Since there are few infractions and hearings, there would be little or no cost to MDOT from this proposed change, according to the Department. The proposed fine of up to \$10,000 could raise addition revenue.

The bill would require MDOT to annually develop and publish a replacement cost schedule for trees and shrubs to be removed under a permit. In FY 2012-13, MDOT was paid approximately \$94,000 for vegetation removals, approximately \$50,300 in application fees, and an estimated \$100,500 in permit fees. The Department has indicated that the proposed replacement cost schedule and permit fees charged would be comparable to those under current law; thus, MDOT does not anticipate much, if any, additional cost or any additional revenue. Due to the proposal to make the permits valid for five years rather than one, MDOT has indicated that there could be a slight reduction in fee revenue, depending on the number of permits ultimately issued; however, the Department expects the reduction to be negligible due to the proposed increase in the permit fee from \$300 to \$500.

The bill proposes for MDOT to remove, at its own cost, any vegetation planted by the Department within the billboard viewing zone. The Department states that the costs for this requirement should be minimal and absorbed within MDOT's annual appropriations.

The bill would remove the requirement that the Department report to the Legislature regarding the current vegetation management system. There would be minimal savings to MDOT from administrative costs and staff time devoted to fulfill this reporting requirement.

Any costs associated with the provision allowing the Department to enter into an agreement with the Federal Highway Administration for a pilot program to address concerns and issues related to outdoor advertising control should be minimal and absorbed within the Department's annual appropriation.

Finally, the bill would bring Michigan into compliance with current Federal regulations regarding billboards and digital signs. If the State failed to comply with Federal regulations, it could be penalized by the loss of up to 10% of all Federal highway funds received. In FY 2013-14, Michigan will receive an estimated \$1.1 billion in Federal highway funding. If the full penalty of 10% were levied, Michigan could lose approximately \$100.0 million. These funds are used primarily for road and bridge construction and maintenance across the State.

Date Completed: 12-11-13

Fiscal Analyst: Joe Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.