

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4394-01  
Bill No.: SB 746  
Subject: Transportation Department; Roads and Highways  
Type: Original  
Date: March 2, 2010

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Bill Summary: Imposes various billboard standards to billboards adjacent to Interstate 70 and Interstate 44 during periods of interstate construction.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## 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 purpose of this fiscal note it is assumed that no condemnation action will be necessary to acquire billboards when using the traditional method of acquisition.

The current inventory of billboards along I-70 and I-44 is 2,116 billboards, if 50% are impacted the total billboards impacted would equal 1,058. If 70% were reset, the total reset billboards would equal 741. This leaves 317 billboards that would be acquired under the traditional method. 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:

741 billboards x \$37,500 (actual reset cost) = \$27,787,500  
317 billboards x \$150,000 - \$37,500 (salvage value) = \$112,500  
Total Cost = \$63,450,000

Versus

Traditional method of acquisition/salvage:  
1,058 billboards x \$150,000 - \$37,500 (salvage value) = \$112,500  
Potential Net Savings = \$55,575,000

These calculations indicate that an estimated \$55,575,000 could be saved under this legislation.

JH:LR:OD

ASSUMPTION (continued)

However, a substantial rebuild of I-70/I-44 is not included in the remaining 4 years of the current 5-year approved Statewide Transportation Improvement Program (STIP).

Officials at the **City of Kansas City** state MoDot has estimated that this bill will save it \$57,525,000. All of this saving will be shifted to the City, for those billboards that would be moved in Kansas City because our Code does not allow the relocation of nonconforming billboards. If one third of the billboards that are relocated are in Kansas City, then this legislation would cost Kansas City \$19,175,000. If all of those signs are digital billboards, which this legislation allows them to convert to, then the cost would be at least double, or \$38,350,000.

Officials at the **St. Louis County** assume that there is no fiscal impact from this proposal.

Officials at the **City of Columbia** assume there are 68 billboard support structures within City limits (combination of unipole mounts and older style wooden frame structures).

Midway to Stadium exits: 16  
Stadium to 63 Interchange: 27  
63 Interchange to Z exit: 25

If the City had to pay for resetting mounts:  
Uni-pole 50 units x \$50,000/each= \$2.5million  
Wood mounts 18 x \$20,000/each= \$360,000  
TOTAL (less depending upon condemnation costs) \$2.8million

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

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

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that owns or leases billboards along I-70 and/or I-44 potentially could lose billboard inventory and/or revenue. This bill is no more biased against small businesses than large businesses.

FISCAL DESCRIPTION

Under this act, on the date the commission approves funding for any phase or portion of construction or reconstruction of Interstate 70 or Interstate 44, 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 a partial waiver and reset agreement with the commission.

Upon the completion of construction on any section of Interstate 70 or Interstate 44, 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, but local authorities which choose to prohibit such resetting shall reimburse the

FISCAL DESCRIPTION (continued)

commission the cost to condemn such signs less the cost to reset the sign under the act.

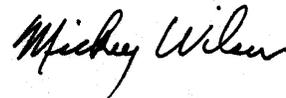
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

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

**Not Responding**

City of Springfield  
City of St. Louis  
Boone County  
Greene County  
Jackson County



Mickey Wilson, CPA  
Director  
March 2, 2010