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BILL ANALYSIS

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Senate Bills 567 and 568 (as enrolled)
Sponsor: Senator Tom George (S.B. 567)
Senator Jud Gilbert, II (S.B. 568)
Senate Committee: Transportation
House Committee: Transportation

PUBLIC ACTS 447 & 448 of 2006

Date Completed: 1-31-07

RATIONALE

Businesses and charitable organizations frequently use billboards and other large signs to advertise, give directions, publicize events, and display public service announcements. To date, more than 13,000 signs have been constructed along Michigan highways. Some people believe that the signs detract from the State's aesthetic qualities, have a negative impact on property values, and distract drivers, and suggested that the erection of new billboards should be prohibited.

In another matter, some sign owners expressed concern that unchecked vegetative growth was interfering with the visibility of their billboards, and suggested that they should be allowed to trim or remove trees and bushes, subject to oversight by the Michigan Department of Transportation (MDOT).

CONTENT

Senate Bill 567 amended the Highway Advertising Act to do the following:

- Prohibit MDOT from issuing annual permits for new signs after January 1, 2007.
- Allow the holder of a valid permit to obtain an interim permit, if the permit holder surrenders the permit to MDOT upon removal of a sign structure.
- Allow the holder of a permit for a site where no sign structure exists or no construction has begun to exchange the permit for an interim permit or

begin construction by January 1, 2008.

- Provide that a permit may not be exchanged after January 1, 2008.

Senate Bill 568 amended the Highway Advertising Act to do the following:

- Increase sign permit renewal fees and apply them to all signs (not just those larger than eight square feet); and prescribe a \$100 penalty for delinquent payment of renewal fees.
- Prescribe a fee for the transfer of an existing sign permit to a new sign owner.
- Give MDOT 30 business days, rather than 10, to issue a sign permit.
- Authorize MDOT to issue vegetation management permits to sign owners; and set a \$150 application fee.
- Prescribe a \$300 vegetation management permit fee, and authorize MDOT to charge a higher fee for a permit resulting in additional costs to the Department.
- Require a sign owner to pay MDOT for the value of the vegetation to be managed.
- Allow MDOT to deny a vegetation management permit application, or issue a limited permit, under certain circumstances; and require MDOT to develop a procedure for the review and reconsideration of this decision.
- Prescribe penalties for the unauthorized removal of vegetation.
- Require MDOT to submit to the Legislature an annual report

regarding vegetation management permits.

- **Prescribe a \$250 penalty for failure to display a sign permit number properly.**
- **Revise provisions regulating the illumination of a sign.**
- **Prohibit signs that involve motion, running animation, or flashing or moving lights, subject to certain exceptions; prescribe a penalty for a violation; and provide for the removal of the sign for a second repeat violation.**
- **Specify that a sign or sign structure erected or maintained in violation of the Act is a nuisance per se; and allow MDOT to seek an injunction against use of the sign pending its removal.**
- **Specify that all billboards in the State are subject to the Act.**

The bills were tie-barred to each other and took effect on January 1, 2007. They are described below in further detail.

Senate Bill 567

The bill prohibits MDOT from issuing annual permits for new signs on or after January 1, 2007. The bill specifies that permits issued before its effective date remain in force and valid.

The bill requires MDOT, beginning January 1, 2007, to issue an interim permit or permits to a holder of a valid permit or permits if all of the following conditions are met:

- The permit holder is otherwise in compliance with the Act.
- The permit holder surrenders the permit or permits to the Department upon the removal of a sign structure or sign structures that have a valid permit under the Act.
- The permit holder verifies the removal of the sign structure or structures in writing to MDOT.
- The Department verifies that the sign structure or structures have been removed or the removal has been deemed effective.

If a permit holder has a valid annual permit or permits for a site or sites where no sign structure existed or no construction had begun on a sign structure as of January 1,

2007, the permit holder may exchange the permit or permits for an interim permit, or begin construction under the valid permit or permits by January 1, 2008. The number of permits that may be received in an exchange must be determined as provided in the bill.

An interim permit may be used only for the construction of a new sign structure, and must remain in effect without expiration with fees renewed on an annual basis.

A permit holder who is exchanging a permit or permits must be issued one interim permit for each of the first three permits surrendered. For permits surrendered after the first three, the permit holder must receive one interim permit for every three permits surrendered. A permit holder has until January 1, 2008, to exchange permits. A permit that is not exchanged may not be exchanged and will expire by January 1, 2008.

A holder of two valid permits for a sign structure with two faces who complies with the bill must receive two interim permits for the construction of a sign structure with two faces. The permit holder may not receive two interim permits to construct two single-face sign structures.

A holder of a valid permit for a sign structure with a single face is entitled to exchange that permit for an interim permit with a single face. A holder of permits for two different single-face structures may exchange the two permits for two interim permits to construct two single-face sign structures, or one sign structure with two faces.

A holder of more than two valid permits for a sign structure with more than two faces may exchange the permits for a maximum of two interim permits. The interim permits may be used only to construct one sign structure with not more than two faces.

The Department must verify that an existing sign structure has been removed within 30 days after receiving written notice of the removal from the permit holder. If the Department does not respond to the written notice within 30 days, the permit holder will be deemed to have removed the sign structure in compliance with the bill.

After construction of a sign structure under an interim permit is complete, MDOT must issue renewable permits annually for the completed sign structure.

If a permit holder for a sign structure that existed on January 1, 2007, requires additional permits for any reason, MDOT may issue a valid permit renewable on an annual basis without complying with the interim permit requirements even if the permit holder has more than two valid permits as a result.

(The Act defines "sign" as any outdoor sign, display, device, figure, painting, drawing, message, placard, poster, billboard, or other thing, whether placed individually or on a T-type, V-type, back-to-back, or double-faced display, designed, intended, or used to advertise or inform. "Sign structure" means the assembled components that make up an outdoor advertising display.)

Senate Bill 568

Sign Permits

Renewal Fees. The Act requires a sign owner to apply for an annual permit for each sign to be maintained or erected in an adjacent area where the facing of the sign is visible from an interstate highway, freeway, or primary highway. A permit fee is payable annually in advance, to be credited to the State Trunk Line Fund. The fee is \$100 for the first year.

Previously, the Act prescribed an annual permit renewal fee of \$25 for signs larger than eight square feet and up to and including 300 square feet, and \$40 for signs greater than 300 square feet. The bill increased the \$25 fee to \$50, and applies this fee to all signs up to and including 300 square feet. The bill increased the \$40 fee to \$80.

Additionally, the bill requires MDOT to assess a \$100 penalty per permit for delinquent payment of renewal fees.

Transfer Fee. Under the bill, MDOT must require a transfer fee when a request is made to transfer existing permits to a new sign owner. The transfer fee is \$100 for each permit that is requested to be transferred, up to \$500 for a request that identifies five or more permits. If MDOT

incurs additional costs directly attributable to special and unique circumstances associated with the requested transfer, however, the Department may assess a transfer fee greater than the maximums identified in the bill to recover those costs.

Permit Issuance or Denial. Previously, a permit had to be issued or denied within 10 business days after proper receipt of the permit form and the permit fee from the applicant. The bill increased the time limit to 30 business days.

Vegetation Management Permit

Permit Issuance. The bill authorizes and requires MDOT to issue permits for the management of vegetation to the owner of a sign subject to the Act. (The bill defines "vegetation management" as the trimming, removal, or relocation of trees, shrubs, or other plant material.)

A sign owner may apply to MDOT for a permit using the Department's approved form. The application must be accompanied by a fee of \$150 to cover the costs of evaluating and processing it. The application must be submitted during the two or more annual application periods of at least 60 days each, as specified by MDOT.

The application must identify clearly the vegetation to be managed in order to create visibility of the sign within the billboard viewing zone, as well as all proposed mitigation for the impact of the management undertaken. The plan also must describe anticipated management that will be needed in the future to maintain the sign's visibility within the billboard viewing zone for at least five seconds and procedures for clearing vegetation, as determined by MDOT.

(Under the bill, "billboard viewing zone" means mean the 1,000-foot area measured at the pavement edge of the main-traveled way closest to the billboard having as its terminus the point of the right-of-way line immediately adjacent to the billboard. The Act defines "main-traveled way" as the traveled way of a highway on which through traffic is carried. The term excludes facilities as frontage roads, turning roadways, and parking areas.)

From January 1, 2007, until January 1, 2008, upon MDOT's proper receipt of an application and application fee, and based on provisions regarding the visibility of a billboard (described below), an applicant must be notified of approval, approval with modifications, or denial within 90 days after the last day of the application period. Beginning January 1, 2008, MDOT must issue its decision on an application within 30 days after the last day of the application period. The Department must approve the application, approve it with modification, or deny it.

If the Department approves the application or approves it with modification, it must notify the applicant. The notification must include the value of the vegetation to be managed as determined by MDOT using the most recent version of the International Society of Arboriculture's Guide for Plant Appraisal and the corresponding Michigan Tree Evaluation supplement to the Guide published by the Michigan Forestry and Park Association. The Department may use another objective authoritative guide or establish a value schedule, in consultation with representatives of the outdoor advertising industry and other interested parties, if either the Guide or the supplement has not been updated for more than five years. The notification also must include any required mitigation for the vegetation to be managed and all conditions and requirements associated with the issuance of the permit.

Permit Fee. The permit fee is \$300, except in special and unique situations and circumstances under which MDOT incurs additional costs directly attributable to the approval of the permit. In that case, a higher fee adequate for the recovery of additional costs may be assessed. Upon receiving the permit fee, payment for the value of the vegetation, and compliance with MDOT conditions and requirements, the Department must issue the permit.

All work performed in connection with trimming, removing, or relocating vegetation must be performed at the sign owner's expense.

Billboard Visibility. A vegetation management permit must provide for at least five seconds of continuous, clear, and unobstructed view of the billboard face

based on travel at the posted speed as measured from the point directly adjacent to the point of the billboard closest to the highway. At the applicant's request, MDOT and the applicant may enter into an agreement identifying the specific location of the continuous, clear, and unobstructed view within the billboard viewing zone. The specific location may begin at a point anywhere within the billboard viewing zone but must result in a continuous, clear, and unobstructed view of at least five seconds.

An applicant must apply for a permit that minimizes the amount of vegetation to be managed for the amount of viewing time requested. Applications that provide for more than five seconds of continuous, clear, unobstructed viewing, measured as described above, may not be rejected based solely upon this basis.

For billboards spaced less than 500 feet apart, vegetation management, when permitted, must provide for at least five seconds of continuous, clear, and unobstructed view of the billboard face based on travel at the posted speed or the distance between the billboard and the adjacent billboard, whichever is less.

The Department must issue permits for vegetation management in a viewing cone or, at MDOT's discretion, another shape that provides for the continuous, clear, and unobstructed view of the billboard face. In its discretion, MDOT may issue a permit for vegetation management outside of the billboard viewing zone.

(Under the bill, "viewing cone" means the triangular area described as the point directly below the face of the billboard closest to the roadway, the point directly below the billboard face farthest away from the roadway, a point as measured from a point directly adjacent to the part of the billboard closest to the roadway and extending back parallel to the roadway the distance that provides the view of the billboard prescribed in the bill, and the triangle described by the points extending upward to the top of the billboard.)

The Department may not plant or authorize to be planted any vegetation that obstructs, or through expected normal growth will obstruct in the future, the visibility within

the billboard viewing zone of any portion of a sign face subject to the Act.

Permit Denial or Limited Permit. If no suitable alternative exists or the applicant is unable to provide acceptable mitigation, MDOT may deny an application or provide a limited permit to manage vegetation when it can be demonstrated that one or more of the following situations exist:

- The vegetation management would have an adverse impact on safety.
- The vegetation management would have an adverse impact on the operations of the State trunk line highway.
- The vegetation management conflicts with Federal or State law, rules, or statutory requirements.
- The applicant does not have the approval of the property owner.
- The vegetation to be managed was planted or permitted to be planted by MDOT for a specific purpose.
- The management would occur on a scenic or heritage route that was designated on or before the bill took effect.
- The application is for a sign that has been found, after a hearing, not to be in compliance with the Act.
- There are other special or unique circumstances or conditions, including adverse impact on the environment, natural features, or adjacent property owners.
- Vegetation would be managed for a newly constructed billboard or there was vegetation that obscured the billboard or would have obscured the billboard before it was constructed.

In denying an application or providing a limited permit, MDOT must consider previous vegetation management that was allowed at the billboard site.

If MDOT denies an application or issues a limited permit, it must provide a specific rationale for doing so.

Review & Reconsideration. Within 30 days after receiving a denial or a limited permit, an applicant may request the review and reconsideration of the denial or limited permit. The applicant must submit its request in writing on a form as determined by the Department. The applicant must state the specific item or items for which review and reconsideration are being

requested. An applicant who receives a limited permit may manage vegetation in accordance with that permit during the review and reconsideration period.

Within 90 days after January 1, 2007, MDOT must develop a procedure for review and reconsideration of applications that are denied or that result in the issuance of a limited permit. The procedure must include at least two levels of review and provide for the applicant's input. The review period may not exceed 120 days. The Department must consult with all affected and interested parties, including representatives of the outdoor advertising industry, in developing the procedure.

If after review and reconsideration the applicant is denied a permit or issued a limited permit, the applicant may appeal MDOT's decision to a court of competent jurisdiction.

Annual Report

The bill requires MDOT to prepare an annual report for submission to the Legislature regarding the vegetation management undertaken pursuant to the bill. At a minimum, the report must include all of the following:

- The number of application periods.
- The number of applications submitted.
- The number of permits approved without modifications.
- The number of permits approved with modifications.
- The number of permits denied.
- The number of modified or denied permits that were appealed.
- The number of appeals that reversed MDOT's decision.
- The number of appeals that upheld MDOT's decision.
- The number of approved permits that requested a visibility time period exceeding five seconds.
- The amount of compensation paid to the State for removed vegetation.
- The average number of days after the end of the application period before an applicant was sent notice that a permit was approved.
- A summary of the reasons for which MDOT denied or modified permits.

- A summary of the amount of all revenue and expenses associated with the management of the vegetation program.

The report must contain a summary for the entire State and report in detail for each MDOT region. The Department must provide the report to the Legislature for review within 90 days after each fiscal year ends. The reporting deadline for the initial report is 18 months after January 1, 2007.

Violation of Act

Previously, under the Act, a person who destroyed trees or shrubs within a highway right-of-way for the purpose of making a sign more visible was guilty of a felony punishable by imprisonment for up to two years and/or a maximum fine of \$10,000. If a court determined that trees or shrubs within a right-of-way had been removed by the sign owner, the land owner, or an agent of either party to make the sign more visible, the sign was considered illegal and MDOT could remove it pursuant to procedures set forth in the Act. The bill deleted these provisions.

Under the bill, except as provided below, a person who trims or removes trees or shrubs within a highway right-of-way for the purpose of making a proposed or existing sign more visible may pay a penalty of up to five times the value of the trees or shrubs, unless the person trimmed or removed them under the authority of a vegetation removal permit. The value of the removed trees or shrubs must be determined by the Department (as required for the permit issuance process).

A person who removes trees or shrubs within a right-of-way for the purpose of making a proposed or existing sign more visible without first obtaining a vegetation removal permit is guilty of a felony punishable by imprisonment for up to two years and/or a maximum fine of \$25,000. If no criminal action for tree or shrub removal or trimming has been brought against the person within one year of the removal of trees or shrubs without a permit, MDOT may proceed to recover the penalty of five times their value. If a criminal action is brought against a person, MDOT may not proceed to recover that penalty.

If a sign owner or the owner's agent trims or removes trees or shrubs without a registration management permit, the sign owner will be ineligible for such a permit for three years from the date of trimming or removal.

If trees or shrubs within a highway right-of-way have been trimmed or removed by a sign owner or its agent for the purpose of making the sign more visible, the sign must be considered illegal and MDOT may remove it pursuant to procedures prescribed in the Act, if a court determines any of the following:

- The trimming or removal was in violation of a local ordinance.
- The trimming or removal resulted in the intentional trimming or removal of trees or shrubs that were not authorized to be trimmed or removed in a vegetation management permit.
- The sign owner trimmed or removed trees or shrubs and did not obtain a vegetation management permit.

If a sign is removed and MDOT subsequently receives an application for an annual sign permit for the same area, the Department must consider that the conditions for the sign permit remain in force for spacing and all other requirements of the Act.

If a person, under the authority of a vegetation management permit, trims or removes more trees and shrubs than the permit authorizes, the person is subject to one or more of the following penalties:

- For the first three violations during a three-year period, a penalty of up to \$5,000 or five times the value of the trees and shrubs, whichever is greater.
- For the fourth violation during a three-year period and any additional violation during that period, a penalty of up to \$25,000 or 10 times the value of the trees and shrubs, whichever is greater, for each violation.
- For the fourth violation during a three-year period, and any additional violation, a person is not eligible to obtain or renew a permit for a period of three years from the date of the fourth violation.

If MDOT alleges that a person has trimmed or removed more trees or shrubs than a vegetation management permit authorizes,

the Department must notify the person of its intent to seek any of these penalties. The notification must be delivered via U.S. certified mail, and must detail the conduct the MDOT alleges constitutes a violation and indicate what penalties the Department will be seeking. The notification must occur within 30 days of the filing of the completion order for the trimming or removal of trees or shrubs that MDOT alleges violated the permit. Any allegation by MDOT that a person has trimmed or removed more trees or shrubs than the permit authorized is subject to the appeals process contained in the bill.

Annual Permit Number

Under the Act, a permit holder must, at its own expense, place the permit number on each sign facing it erects or maintains within three business days. Previously, the numbers had to be in Egyptian block type lettering. The bill instead requires the numbers to be of a size and type specified by MDOT. As previously required, the numbers must be located on the lower corner of the sign nearest the adjacent highway.

Under the bill, any person who does not display the correct permit number or who does not display a permit number as required is subject to a \$250 penalty. The Department must give a person who is not in compliance written notice of noncompliance. The person will have 30 days to remedy the violation before any penalty is assessed. A person may verify compliance with MDOT via time-dated electronic means.

Sign Illumination

Previously, in business areas or unzoned commercial or industrial areas, signs could be illuminated so as to permit them to deliver the intended advertising message. The illumination had to be used in a manner that prevented intense or brilliant beams or rays of light from being directed at any portion of the main-traveled way. Under the bill, a sign subject to the Act may be illuminated so as to allow the sign to be seen and read. The illumination, however, must be employed in a manner that prevents beams or rays of light from being directed at any portion of the main-traveled

way in a manner that interferes with safe driving.

Under the Act, a sign that contains changing illumination may not be erected in any area except in an incorporated city or village with a population over 35,000 where MDOT has determined it is consistent with customary usage in the area. The bill specifies that a sign permitted under Section 18(f) (described below) is not a sign containing changing illumination.

Prohibited Signs

The Act prohibits the following signs or sign structures:

- Signs that purport to regulate, warn, or direct traffic movement or that interfere with, imitate, or resemble any official traffic sign, signal, or device.
- Signs that are not maintained adequately and in good repair.
- Signs erected or maintained upon trees or painted or drawn upon rocks or other natural resources.
- Signs that prevent a driver from having a clear and unobstructed view of approaching, intersecting, or merging traffic.
- Abandoned signs.

The bill added Section 18(f) to prohibit signs that involve motion or rotation of any part of the structure, running animation or displays, or flashing or moving lights. The prohibition does not apply to a sign or sign structure with static messages or images that change if the rate of change between two messages or images does not exceed more than one change per six seconds; each change is complete in one second or less; and the maximum daylight sign luminance level does not exceed 62,000 candelas per meter squared at 40,000 lux illumination beginning one-half hour after sunrise and continuing until one-half hour before sunset, and does not exceed 375 candelas per meter squared at four lux illumination at all other times. Additionally, signs exempted from the prohibition must be configured to default to a static display in the event of mechanical failure.

Signs found to be in violation of the prohibition must be brought into compliance by the permit holder or its agent within 24 hours after the holder or agent receives an

official written notice from MDOT. Failure to comply within this time frame will result in the sign owner's being assessed a \$100 penalty for each day the sign remains out of compliance. The first repeat violation, for a specific sign, also must be brought into compliance within 24 hours after receipt of notice from MDOT. Failure to comply within the 24-hour period for the first repeat violation will subject the sign owner to a \$1,000 penalty for each day the sign remains out of compliance. The penalties must be submitted to MDOT before the sign's permit is renewed. Second repeat violations, for a specific sign, will result in permanent removal of the variable message display device from that sign by MDOT or the sign owner.

Removal

The Act authorizes MDOT, according to prescribed procedures, to remove signs and their supporting structures erected or maintained in violation of the Act. If the sign or structure is not removed or brought into compliance with the Act within 60 days after a notice is mailed to the owner or posted on the sign, the sign is considered abandoned. The Department must conduct a hearing at which it must confirm that the sign is abandoned, that due process has been observed, and that MDOT may remove the sign without payment of compensation and at the owner's expense. The Department may recover as a penalty from the owner of the sign or structure, or, if he or she cannot be found, the owner of the real property upon which the sign or structure is located, double the cost of removal or \$500, whichever is greater. (Previously, MDOT could recover double the cost of removal or \$50, whichever was greater.)

Under the bill, for frivolous hearings as determined by the administrative law judge, MDOT may recover as a penalty from the owner of the sign or structure, or, if the owner cannot be found, the owner of the real property, double the cost of an administrative hearing incurred by MDOT or \$500, whichever is greater.

Any penalty imposed under these provisions is subject to de novo review in circuit court.

The bill specifies that any repeat violation of the Act must be considered a continuing violation.

Nuisance

The bill specifies that a sign or sign structure erected or maintained in violation of the Act is a nuisance per se. Before or after a hearing is conducted, MDOT may apply to the circuit court in the county in which a sign is located for an order to show cause why the use of a sign erected or maintained in violation of the Act should not be enjoined pending its removal in accordance with procedures established in the Act. (A nuisance per se is something that is a nuisance at all times and under all circumstances, regardless of its location or surroundings. A nuisance, generally speaking, is something that interferes with the use or enjoyment of property.)

Billboards

The Act prohibits a billboard from advertising the purchase or consumption of tobacco products. The prohibition took effect on January 1, 2000. Under the bill, as of that date, all billboards in this State are subject to the Act.

The bill defines "billboard" as a sign separate from premises erected for the purpose of advertising a product, event, person, or subject not related to the premises on which the sign is located. The bill also defines "tobacco product" as any tobacco product sold to the general public, including cigarettes, tobacco snuff, and chewing tobacco.

Legislative Findings & Intent

Previously, the Act stated that, to improve and enhance scenic beauty, the Legislature found it appropriate to regulate and control outdoor advertising and outdoor advertising as it pertained to tobacco adjacent to the interstate highway, freeway, and primary highway systems, and outdoor advertising as it pertained to tobacco on secondary highways, major streets, and local roads within Michigan, and that outdoor advertising was a legitimate accessory commercial use of private property, an integral part of the marketing function, and an established segment of the State's economy. Additionally, the Act stated that

the Legislature found it appropriate to protect minors from exposure to advertising that encouraged them to possess tobacco illegally.

Under the bill, the Act instead states, "To improve and enhance scenic beauty...and to limit and reduce the illegal possession and use of tobacco by minors, the legislature finds it appropriate to regulate and control outdoor advertising and outdoor advertising as it pertains to tobacco adjacent to the streets, roads, highways, and freeways within this state and that outdoor advertising is a legitimate accessory commercial use of private property and serves an important public need as an integral part of the marketing function and an established segment of the economy of this state."

The bill repealed Section 25 of the Act, which specified a legislative intent that the State fund a study to analyze the effect of Public Act 533 of 1998 (which made various amendments to the Highway Advertising Act) and recommend any additional changes that should be considered.

MCL 252.307a (S.B. 567)
252.302 et al. (S.B. 568)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bills strike an appropriate balance between the preservation of the State's aesthetic qualities and the promotion of economic activity. Senate Bill 567, in effect, institutes a ban on new billboards, ensuring that Michigan's scenic landscapes are not marred by the construction of further roadside signs. The bill also provides a reasonable mechanism for addressing situations in which signs are removed or permits have been issued but no sign has been constructed yet on the designated site.

While some motorists might consider billboards and other signs eyesores, many others rely on them for information and directions. The vegetation management program established in Senate Bill 568 will enable the thousands of businesses and nonprofit organizations that employ large

signs to advertise and spread public service announcements to keep their messages visible to motorists, while accounting for safety and environmental protection. Additionally, the bill prescribes appropriate penalties for unauthorized trimming.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

Senate Bill 567

The bill will reduce State revenue associated with the prohibition against new highway sign permits issued by the Michigan Department of Transportation. Under the bill, MDOT is prohibited from issuing any new highway sign permits, although an applicant who surrenders a previously issued permit may receive an interim permit.

According to MDOT, approximately 272 new permits are issued each year. Under the bill, the revenue from these new permits will not be received, which will reduce annual deposits in the State Trunkline Fund by approximately \$7,200 per year. As a point of reference, MDOT reports that, as of January 2006, there were 9,266 permits for signs less than or equal to 300 square feet and 5,518 permits for signs greater than 300 square feet.

Senate Bill 568

Several provisions of the bill might have an impact on State revenue or expenditures. The actual impact of the majority of these, however, cannot be determined at this time because it is unknown how many permits will be requested or how many violations will occur.

The bill increases the annual sign permit renewal fee for highway signs. For signs less than 300 square feet, the fee increases from \$25 to \$50. For signs greater than 300 square feet, the fee increases from \$40 to \$80. In addition, signs of less than eight square feet are now subject to the renewal fee. Assuming no substantial change in the number of signs throughout the State, State revenue will increase by approximately \$450,000.

The bill also establishes a vegetation management permit for the trimming and removal of vegetation in the sight line of the

highway sign. The application fee is set at \$150 and the permit fee is set at \$300. Because it is unknown how many permits will be requested, the fiscal impact cannot be determined.

In addition, the bill increases or establishes various fines. These include: trimming or removing vegetation without a permit (up to \$25,000 or five times the value of the vegetation) or in excess of that allowed by the permit (up to \$5,000 or five times the value of the vegetation); not displaying the permit number (\$250); violating light restrictions (\$100 per day or \$1,000 per day for repeat violations); and not submitting prompt payments (\$100). Again, because the number of potential violators is unknown, the fiscal impact cannot be determined at this time.

Finally, the new permit program will result in additional administrative costs to MDOT. The workload will be contingent on the number of permit requests and the activities associated with vegetation management plan review.

Fiscal Analyst: Debra Hollon

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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.