

Fiscal Estimate - 2009 Session

Original Updated Corrected Supplemental

LRB Number 09-2260/1	Introduction Number AB-0242																		
Description the removal of nonconforming outdoor advertising signs																			
Fiscal Effect																			
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<p>Fund Sources Affected Affected Ch. 20 Appropriations</p> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.395(3)																			
Agency/Prepared By DOT/ Scott Bush (608) 266-8666	Authorized Signature Julie Johnson (608) 267-3703	Date 5/12/2009																	

Fiscal Estimate Narratives

DOT 5/12/2009

LRB Number	09-2260/1	Introduction Number	AB-0242	Estimate Type	Original
Description the removal of nonconforming outdoor advertising signs					

Assumptions Used in Arriving at Fiscal Estimate

There are approximately 4,300 non-conforming signs along Wisconsin's highways. These signs are 37% of the inventory of off-premise outdoor advertising signs regulated by the department.

For purposes of analysis, assume the intent of the authors is to allow any repairs or maintenance, subject only to the limitation on cost of those activities during a 36 consecutive month period in relation to the replacement cost of the sign.

If this bill were enacted, a process will be needed for establishing the value of a non-conforming sign and determining when on-going repairs and maintenance on a sign exceeds 50% of its replacement value.

Essential components of this process include:

- o obtaining and verifying a replacement value* for each sign from the sign owner;
- o developing and implementing, on a monthly basis, a method of capturing and tracking the damage, repair, and customary maintenance costs for each non-conforming sign, which will involve creating a document, both hard copy and electronic, for use by sign owners to inform the department about damage to, destruction of, and maintenance to their sign;
- o distributing the document to all sign owners and educating each sign owner on its use;
- o entering the sign's value and other related information into the database, including downloading detailed photographs; and
- o building a new feature into the existing sign database to preserve these sign values and the on-going 36 consecutive month accumulated costs of repairs and maintenance for each sign.

A conservative estimate of the time needed to accomplish all of the above tasks for each non-conforming sign is three hours, or 12,900 hours total to accomplish this work. This represents approximately 7 FTE positions, using 1,800 hours available for one FTE position.

Assuming these tasks could only be performed under contract at a value of \$85,000 per FTE position, this would cost the department \$595,000. As an alternative, permanent FTE positions could be either added or, if possible, redirected from lower priority activities to perform this work.

If this bill became law, the department must recoup these costs by seeking an increase in the annual sign and permit fee for non-conforming and grandfathered signs through the administrative rule process. The impact would be an increased annual fee for this type of sign. Current fees of \$50 per year would be projected to be \$190 per year.

* This bill does not define replacement value. Therefore, for the purposes of this bill, we assume that the method adopted by administrative law judges when deciding sign cases is acceptable. Basically, the cost to replace each sign component at current, new prices and the labor to install the components creates the sign's current replacement value.

Long-Range Fiscal Implications

The intent of both Wisconsin and Federal law is to control outdoor advertising and to eventually limit this advertising to only certain (commercial or industrial) areas and with certain other restrictions on size, spacing and other criteria. To allow outdoor advertising signs to remain indefinitely in agricultural and forested areas, or other non-commercial areas, is inconsistent with the now long-standing public policy intent of those laws.

The provision of law that allowed existing uses to remain for the remainder of their normal service life was an accommodation that recognized the pre-existing investment and allowed for a transition over time that benefited the sign owners while avoiding the need for an upfront, immediate buyout of the sign owners

interest to remove existing signs that no longer conformed to the standards set by the law. Such a policy change would have required a substantial public investment, and as with other planning and zoning decisions, typically is resolved by allowing for a transition period during which only minimum maintenance is allowed.

Given that these signs are generally located along busy highway corridors that continue to see higher usage, and in locations where the law no longer allows construction of new signs, the value of the signs has grown significantly. When these signs must be acquired, the value of the signs is not determined based on the depreciated value of the structure in place at the time the law was changed, nor even at the current replacement costs of the materials and labor to construct the sign. Rather, the value continues to increase based on the ability to generate greater revenues from the sign because they are protected from new competition by the law. These escalating values end up being borne at taxpayer cost when there is a need to eventually acquire a sign for a highway project. Were the original intent of the law followed, signs would remain only for their normal service life with limited routine maintenance and would eventually be eliminated without cost to taxpayers. If there had been an expectation the signs would be allowed to be maintained indefinitely, it would have been wiser to purchase all the signs at the time the law was enacted, when the values were lower and to achieve the public benefits sooner.

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-2260/1		Introduction Number AB-0242	
Description the removal of nonconforming outdoor advertising signs			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$	\$	
(FTE Position Changes)			
State Operations - Other Costs	595,000		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$595,000	\$	
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S	595,000		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$595,000	\$	
NET CHANGE IN REVENUE	\$	\$	
Agency/Prepared By		Authorized Signature	
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		Date	
		5/12/2009	