

Fiscal Estimate Narratives

DOT 3/16/2012

LRB Number	11-4115/1	Introduction Number	SB-490	Estimate Type	Original
Description Maintenance and removal of vegetation obstructing the view of outdoor advertising signs along highways under the jurisdiction of the Department of Transportation					

Assumptions Used in Arriving at Fiscal Estimate

Administrative Costs

State Statute 84.305, "Maintenance and Removal of Vegetation Obstructing the View of Outdoor Advertising Signs", became law in 2006. At that time the initial fiscal impact from this legislation was estimated to be an increase of \$60,000 to WisDOT. The costs incurred were to be recovered by permit fees charged to applicants.

The proposed legislation modifies 84.305 and retains the overall application process and associated fees.

The proposed bill requires replacement vegetation to be planted for vegetation removed larger than 4" in diameter. Approximately 75% of applications under 84.305 included the removal of vegetation larger than 4". Oversight and locating of replacement vegetation will increase workload. In addition, this workload will be greatly varied based on number of permits received and time of year. Current staffing levels will be unable to cover this additional workload. The proposed bill modifies some provisions which reduce agency workload but overall the workload will increase. The administrative deficit is estimated to increase to \$140,000 per year.

Financial Impact to State Property

In the 2006 fiscal estimate for the current law (84.305), no costs were provided for the costs of the cut vegetation. In dollar terms, the vegetation on the 703 miles of right-of-way that this legislation would impact is valued at just over 17 million dollars.

Current law provides the department with more flexibility and control to save vegetation of higher value. Proposed changes include replacement of vegetation with a diameter greater than 4" with trees of at least 2 inches in diameter equaling the total removed. No replacement is required for vegetation with a diameter less than 2".

Based on departmental database records, an estimated 4,711 outdoor advertising signs are eligible for vegetation relief under the current and proposed law. Of the 4,711 signs, 2,716 are two-sided. Based on the estimate, sign owners could submit permits for 7,427 faces. The proposed law allows for 500 feet of clear view for each sign face. This equals a total of 703 miles of highway which could be affected by vegetation removal.

The proposed law also allows cutting of vegetation in front of on-premise signs which are on a building or similar structure. The department does not keep a complete set of records of on premise signs. However, we know there are close to 100,000 business corporations registered to operate in Wisconsin, along with close to 750 cooperatives, over 10,000 limited liability partnerships, over 212,000 limited liability companies, and close to 35,000 non-stock/non profits. Sole proprietorships and general partnerships are not included in these figures. Many of these approximately 358,000 entities have a registered place of business likely to display one or more on-premise signs.

Costs in recent DOT landscape improvement projects equal \$150,000 per lane mile. Additional vegetation value justification can be gathered from Certified Tree Cities. DOT has gathered value information for thirteen municipalities in Wisconsin which have inventoried and valued street trees. For these thirteen communities the average tree value per mile was calculated to be \$132,000. Highway rights-of-way are much wider and have a higher number of trees than urban terrace areas and this value does not include grasses/shrubs which are found on highway rights-of-way.

The bill requires replacement vegetation to be planted for vegetation greater than 4" in diameter. Market

value of small replacement trees will be less than the value of larger trees which are removed. In addition, no replacement is required for vegetation less than 2" in diameter. For estimate purposes a value of \$25,000 per mile was assigned due to aesthetic losses, value of larger trees, and the loss of vegetation less than 4" in diameter.

Long-Range Fiscal Implications

In FY2011, the total staff resources dedicated to the administrative effort is calculated to be over \$90,000 per year (including fringe). This dollar figure does not include the associated expenses/mileage for field trips to review permits.

As of August 2011, 122 applications at a fee of \$250 each have been received in the past five years (since 84.305 became law). This equals \$30,500 in fees which have been collected by the department which is an average of just over \$6,000 per year. Thus, the department is spending at least \$84,000 more per year on administrative costs than it is collecting in permit fees under the current and proposed law.

The new law will require the department to manage the planting of replacement vegetation. The costs of this additional administration effort is \$56,000 per year.

The new law will increase this administrative cost from \$84,000 to \$140,000 annually.

SB 490 Cost Analysis

Staff Administrative Costs for Existing Law

Based on FY 2011

	Total OA Hours	Salry+Fringe+TOWP	Percentage Time Dedicated 84.305	Total \$ for 84.305
BHM OA Coordinator	1733	\$111,763	8.0%	\$8,941
BHM OA Assistant	1700	\$71,504	20.0%	\$14,301
BHM Landscape Architect	1776	\$107,478	50.0%	\$53,739
SW Region OA Coord. (Mad)	1756	\$95,257	5.0%	\$4,763
SW Region OA Coord. (LaX)	958	\$41,994	2.0%	\$840
SE Region OA Coord.	1176	\$53,942	5.0%	\$2,697
NE Region OA Coord.	1572	\$53,170	2.0%	\$1,063
NC Region OA Coord.	1555	\$70,178	5.0%	\$3,509
NW Region OA Coord.	1644	\$83,435	0.5%	\$417
Annual Staff \$ Dedicated to 84.305				\$90,270

Additional Administrative Costs for Proposed Law

Assume 75 permits per year

Number of Permits per Year	75
Number with Vegetation Greater than 4" in diameter (75%)	56
Consultant Landscape Architect per location (8 hrs)	800
Dot Administration of Consultant per location (3 hrs)	200
Additional Administrative cost Per Relocation	\$1,000
Additional Administrative Cost for Vegetation Relocation	\$56,000

Yearly Collected Permit Fees	\$6,000
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Total Administrative Effort = \$90,270 + 56,000 - \$6,000 = \$140,270

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Maintenance and removal of vegetation obstructing the view of outdoor advertising signs along highways under the jurisdiction of the Department of Transportation			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The estimated cost in value of lost vegetation within state right-of-way without compensation is calculated to be as high as \$17,000,000 for the 703 eligible roadway miles in front of outdoor advertising signs.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$140,000		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$140,000		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S	140,000		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$140,000		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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