

Department of Legislative Services  
Maryland General Assembly  
2019 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 34  
Finance

(Senator Young)

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**Tourist Area and Corridor Program and Task Force on Attraction Signs**

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This bill establishes a Tourist Area and Corridor Program (TACP) administered by the State Highway Administration (SHA). SHA must adopt regulations to implement the program. The bill also establishes a Task Force on Attraction Signs to review State programs that provide for the erection of attraction signs and make recommendations. SHA must provide staff for the task force, and the task force must report its findings and recommendations by October 1, 2020. **The bill's provisions relating to the task force terminate October 31, 2020.**

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**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) expenditures may increase significantly beginning in FY 2020 to expand the State's existing Tourist Area and Corridor Signing Program. TTF revenues increase beginning in FY 2020 as SHA charges user fees for signs, as required by the bill. It is unclear if user fee revenues will fully offset costs.

**Local Effect:** The bill does not directly affect local government operations and finances.

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Bill Summary:**

*Tourist Area and Corridor Program*

The stated purpose of TACP is to develop a system of supplemental guide signs that direct motorists to eligible individual attractions within a geographical area. The regulations that SHA must adopt to implement the program must establish:

- the conditions required to create an area in which attraction signs may be erected;
- the type of signs that may be erected;
- the application process;
- the criteria required to be eligible for a sign;
- a user fee, paid by the business for which a sign is erected; and
- any other provisions necessary to implement the program.

Regardless of the eligibility criteria established by SHA in its regulations, the following attractions must be eligible for a sign under the program: (1) an artist's or artisan's studio; (2) a brewery, cidery, distillery, or meadery; (3) a facility used for agritourism; and (4) a performing arts center.

### *Task Force on Attraction Signs*

The task force must review each State program that provides for the erection of attraction signs and make recommendations regarding the consolidation of the programs, streamlining the application and review processes of the programs, and potential funding measures to support the programs.

The task force must report its findings and recommendations to the Governor and the General Assembly by October 1, 2020. A member of the task force may not receive compensation but is entitled to reimbursement for travel expenses.

### **Current Law/Background:**

#### *Maryland's Existing Tourist Area and Corridor Signing Program*

SHA administers a Tourist Area and Corridor Signing Program, which is intended to create a system of supplemental guide signs to direct motorists to attractions in the State. Under the program, and if space is available, an attraction may have a mainline sign directly on a major highway, a sign on the appropriate off-ramp, and, finally, a series of trailblazer markers that lead a driver directly to the attraction. Program signs exist alongside other directional signs, such as destination signs, specific services signs, and history signs.

To be eligible for a tourist attraction sign, an attraction must meet 13 eligibility requirements, including (1) having no more than 20% of its interior square footage be devoted to retail sales; (2) being open at least eight months each year; (3) being open to the general public at least five days per week and at least five hours each day; (4) providing parking within walking distance of the attraction; and (5) providing public access to restrooms, drinking water, and telephone service for emergency use. A brochure with more information about the program and the eligibility criteria can be found on [SHA's website](#).

SHA does not currently charge a fee for signs under the program. Previously, SHA had charged between \$525 and \$1,000 annually to each attraction under the now phased-out Tourist Area Signs Program.

#### *Tourist Sign Programs in Other States*

Other states have similar programs to Maryland's existing program, which are administered by their departments of transportation. These programs are commonly referred to as Tourist-Oriented Directional Signs (TODS) programs. For example, the Michigan Department of Transportation's TODS program allows signs for a lawful cultural, historical, recreational, educational, or commercial activity if a major portion of its income is derived from visitors not residing in the area. Michigan charges an annual fee of \$360 per sign and \$120 per trailblazer. The Colorado Department of Transportation has a similar program; however, its annual fees vary significantly and depend on the average daily traffic in the area where the sign is being erected.

#### **State Fiscal Effect:**

##### *Tourist Area and Corridor Program Expenditures*

Even though SHA is able to establish a signs program under the bill that is similar to its existing program, the bill mandates eligibility for (1) artist's or artisan's studios; (2) breweries, cideries, distilleries, or meaderies; (3) facilities used for agritourism; and (4) performing arts centers. SHA's existing program establishes numerous limitations (such as being a nonretail attraction and having specified hours of operation) that SHA would not be able to apply to these types of businesses under the bill.

Accordingly, SHA must modify and expand its existing program, resulting in additional meeting, administration, and signage costs; however, a precise estimate of the impact depends on how many businesses apply for signage under the program and cannot be reliably estimated at this time. In addition, some of these businesses may already participate in the existing program.

SHA advises that the most challenging aspect of the existing program has been outreach to local governments and businesses. Specifically, SHA works to ensure that local governments affected by sign placement understand and approve of signs that are established for attractions in their jurisdictions. However, in some cases, it has taken several years for a county to give approval. Due to this challenge, SHA advises that the bill may require significant outreach to ensure the new program is ultimately successful; SHA advises that outreach costs could total as much as \$17 million over a four-year period. The Department of Legislative Services advises, however, that such outreach is not expressly required by the bill, and any increase in TTF expenditures for outreach cannot be estimated at this time.

### *User Fee Revenues*

The bill requires that the regulations adopted by SHA pursuant to the bill establish a user fee to be paid by an individual attraction that is a retail business for which the sign is erected. Because the user fee that will be set by SHA is unknown, it is unclear if fee revenues collected by SHA will fully offset its costs. SHA advises that signs are provided at no cost under the current program, and, as a result, it may be difficult to establish a fee at a level that would offset its costs.

### *Task Force*

Staffing the task force and completing the required report may necessitate SHA to redirect some of its existing staff in fiscal 2020 and 2021 but can likely be handled using existing resources. Any expense reimbursements for task force members are assumed to be minimal and absorbable within existing budgeted resources.

**Small Business Effect:** Small business attractions that obtain a sign under the program may experience increased sales and business from additional customers. Some small businesses that participate in SHA's existing program will be required to pay a user fee under the bill's program.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Transportation; Department of Commerce; Michigan Department of Transportation; Colorado Department of Transportation; Department of Legislative Services

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