

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1032

(Delegate Solomon, *et al.*)

Environment and Transportation

Judicial Proceedings

Highways – Tourist Area and Corridor Signage Program

This bill codifies and alters the Tourist Area and Corridor (TAC) Signage Program administered by the State Highway Administration (SHA). Under the bill, SHA must administer the program in collaboration with the Department of Commerce. The bill (1) establishes various requirements for SHA and Commerce regarding the administration of the program, including the preparation and review of signage plans; (2) requires an attraction to pay a fee to SHA for the review of signs; (3) authorizes SHA to charge an attraction a reasonable annual administrative fee; and (4) establishes provisions regarding program amendments, eligibility for signage, and limitations on the content of signs.

Fiscal Summary

State Effect: General fund expenditures for Commerce increase by \$53,000 in FY 2025 and \$14,700 in FY 2026. Transportation Trust Fund (TTF) expenditures increase by \$86,400 in FY 2025; future years reflect annualization, inflation, and ongoing costs. TTF revenues increase correspondingly each year from fees.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SF Revenue	\$86,400	\$103,600	\$108,200	\$112,900	\$117,900
GF Expenditure	\$53,000	\$14,700	\$0	\$0	\$0
SF Expenditure	\$86,400	\$103,600	\$108,200	\$112,900	\$117,900
Net Effect	(\$53,000)	(\$14,700)	\$0	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local government finances and operations are not materially affected.

Small Business Effect: Minimal overall, but potential meaningful impact for any small business that can advertise more effectively as a result of the bill.

Analysis

Bill Summary:

Maryland Tourist Area and Corridor Signage Program – Generally

The stated purpose of the program is to create a system of supplemental guide signs to direct motorists to eligible individual attractions by directing the motorists first to groups of attractions. SHA and Commerce must develop standards and procedures for determining the eligibility of an attraction for a sign. If Commerce provides an initial approval of an attraction's application based on the criteria developed under the bill, Commerce must, in coordination with the requesting attraction, prepare a signage plan and submit the signage plan to SHA for review.

SHA must review the signage plan for compliance with federal, State, and local laws and regulations and right-of-way laws and regulations. In reviewing a signage plan, SHA may consult with other State agencies and offices. As part of the review process, SHA must investigate whether there is space available at the proposed site along the State highway for a sign for the attraction. Approval of a signage plan is subject to space availability based on SHA's regulations and requirements.

If SHA approves a signage plan and issues a required permit to the attraction, the attraction must design, fabricate, and install the signs in the signage plan using standards and specifications approved by SHA. The attraction must bear all costs for the design, fabrication, and installation of the signs in the signage plan.

The attraction is responsible for maintaining, removing, and replacing signs at the direction of SHA if an existing approved sign is determined to be noncompliant with program requirements for reasons including damage, fading, or safety concerns. SHA may remove any attraction sign that does not comply with the requirements of the program. An attraction whose sign is removed for noncompliance must resubmit new or replacement signage for review and approval.

Review and Administrative Fees

An attraction that applies for a sign must pay an amount SHA considers appropriate for the review of each sign included in the signage plan and the issuance of all required permits.

In addition, SHA may charge an attraction a reasonable annual administrative fee to administer and manage the program for the duration that each sign in the signage plan is installed. SHA may remove an attraction's sign if the attraction fails to pay the annual administrative fee.

Program Amendments

SHA may amend the program if it determines that the program may result in a sanction by the Federal Highway Administration, including a decrease in federal funds provided to the State for highway use. SHA must notify specified legislative committees at least 30 days before amending the program to avoid a sanction.

Eligibility for Signage and Limitations on the Content of Signs

To be eligible for signage, an attraction may not, based on a determination by SHA and Commerce, already be well-signed on a tourist area corridor. In addition, an attraction may not bring reputational harm to the State. Generally, a sign developed under the program may only include the name of the attraction, a directional arrow to guide individuals to the attraction, and the approximate mileage to the attraction from the location of the sign. However, a sign may include a generic symbol used to represent a category of attractions identified by Commerce if, on the request of Commerce, SHA determines that there is a generic symbol approved for use in the Manual on Uniform Traffic Control Devices.

Current Law: SHA is responsible for more than 5,200 miles or approximately 16,800 lane miles of road, 2,500 bridges, 3,500 small stream crossing structures, and 80 miles of sound/noise barriers in the State. It also has responsibility for planning, designing, constructing, and maintaining these roads and bridges to safety and performance standards while considering sociological, ecological, and economic concerns.

SHA currently administers a TAC Signage 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.

State Fiscal Effect:

State Highway Administration

TTF expenditures for SHA increase by \$86,397 in fiscal 2025, which accounts for the bill's October 1, 2024 effective date. This estimate reflects the cost of hiring one program manager to administer the program in collaboration with Commerce, develop standards and procedures for program eligibility, and review signage plans. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$79,141
Operating Expenses	<u>7,256</u>
Total FY 2025 TTF Expenditures	\$86,397

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

SHA advises that it plans to set the sign review fee required by the bill – and the annual administrative fee authorized by the bill – at a level to recover its administrative costs. Accordingly, TTF revenues increase correspondingly to TTF expenditures each year.

Department of Commerce

General fund expenditures for Commerce increase by \$53,049 in fiscal 2025 and by \$14,741 in fiscal 2026, which accounts for the bill’s October 1, 2024 effective date. This estimate reflects the cost of hiring one contractual program administrator during the first year of the program – when the workload is anticipated to be the heaviest – to work with SHA to develop standards and procedures for determining program eligibility, receive applications from attractions, and work with attractions to prepare signage plans. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

	<u>FY 2025</u>	<u>FY 2026</u>
Contractual Position (New)	1.0	
Salary and Fringe Benefits	\$45,793	\$14,468
Operating Expenses	<u>7,256</u>	<u>273</u>
Total General Fund Expenditures	\$53,049	\$14,741

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

The fiscal 2026 estimate reflects termination of the contractual position at the end of the first quarter. Commerce advises that after the initial influx of applicants, existing staff can manage the workload associated with the program.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 1038 and SB 734 of 2023.

Designated Cross File: None.

Information Source(s): Department of Commerce; Maryland Association of Counties; Maryland Municipal League; Maryland Department of Transportation; Department of Legislative Services

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