

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 158

(Chairman, Finance Committee)

(By Request – Departmental – Transportation)

Finance

Environmental Matters

State Highway Administration - Bus Passenger Shelter Program

This departmental bill permits the State Highway Administration (SHA) to authorize vendors to advertise on bus passenger shelters on State rights-of-way. The bill also authorizes a transit operator or a municipal corporation or a county with a transit system operating within its borders to enter into an agreement to construct, operate, and maintain bus passenger shelters on a State right-of-way.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues would increase by \$88,200 in FY 2006 from revenue from the advertisements on the bus passenger shelters. Future years reflect completion of all planned bus shelters on SHA land and a 3% annual increase in advertising revenue. TTF expenditures would not be affected.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
SF Revenue	\$88,200	\$242,300	\$249,500	\$257,000	\$264,700
SF Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$88,200	\$242,300	\$249,500	\$257,000	\$264,700

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

Local Effect: Local revenues would increase by \$44,100 in FY 2006, \$121,100 in FY 2007, \$124,800 in FY 2008, \$128,500 in FY 2009, and \$132,400 in FY 2010, from the 17.5% of advertising revenues paid to the local jurisdictions where the shelters are located. Potential additional increase in local revenues and expenditures if counties and municipalities enter into agreements to construct, maintain, and operate bus passenger shelters.

Small Business Effect: The Maryland Department of Transportation has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. The attached assessment does not reflect amendments to the bill.

Analysis

Bill Summary: The bill allows SHA to enter into contracts to construct, operate, and maintain bus passenger shelters with commercial advertising signs on State rights-of-way. Municipal corporations, counties, and transit operators must apply to SHA for permits to erect bus passenger shelters on State rights-of-way. SHA may issue a permit if it determines that the location, design, and construction of the shelter does not interfere with vehicular or pedestrian safety and the construction of the shelter as well as any commercial advertising on it conform with applicable State, federal, and local law. The permit must require that the shelter continue to abide by these provisions and specify that the State is not responsible for any costs resulting from enforcement of the permit.

SHA cannot unreasonably withhold approval of a permit if the applicant has complied with these provisions. SHA may also enter into agreements to construct, operate, and maintain bus passenger shelters at fixed-route bus stops used by the Maryland Transit Administration (MTA).

This bill does not apply to an agreement entered into by a municipal corporation, county, or transit operator prior to the effective date of the bill. Such bus passenger shelters are under the authority of SHA as the owner of the right-of-way.

Current Law/Background: In general, outdoor advertising outside the limits of a municipal corporation and within 500 feet of a State highway requires a permit from SHA. A permit will not be issued if a sign is over 1,000 square feet or could negatively impact visibility for vehicles. Permits are generally not required for the following types of signs: (1) “for sale” signs; (2) signs advertising a business that are on or within 100 feet of any building or entrance to that business; (3) signs advertising a Maryland historic shrine or institution, or advertising a county or church fair; (4) political campaign signs at election time; and (5) temporary signs advertising the sale of fresh produce.

Advertising on school bus shelters is permitted as long as the advertising does not exceed 32 square feet, there is no more than one sign facing in any one direction, and there are no more than two signs in all.

There are strict federal regulations on advertising on rights-of-way, as they can become a distraction to drivers. An off-property advertisement cannot be on the highway right-of-

way and must be located in a commercial/industrial area. Failure to comply with these regulations can result in a loss of highway funding from the federal government.

State Revenues: MTA intends to enter into a contract with Viacom to construct 56 new advertising bus shelters by November 2006. The following information and assumptions were used to estimate the fiscal impact of the bill.

- For every four bus shelters that would have advertising on them, one bus shelter would be constructed that is ad-free.
- Viacom would receive 65% of advertising revenue from each shelter; MTA would receive 35% to be shared equally with the local jurisdiction where the shelter is located.
- Advertising revenue would average \$350 per month per shelter on SHA land in fiscal 2006.
- Viacom would most likely construct the shelters in two large groups: one in July, August, and September of 2005; and one in April, May, and June of 2006. No revenue would be earned for the period when shelters are under construction. Therefore, 28 shelters would be earning revenue in fiscal 2006, and 56 shelters will be earning revenue in fiscal 2007.
- MTA advises that advertising revenues would increase 3% each year.
- Viacom would be responsible for maintenance of the shelters.

Accordingly, TTF revenues would increase by \$88,200 in fiscal 2006 and by \$242,256 in fiscal 2007, \$249,524 in fiscal 2008, \$257,009 in fiscal 2009, and \$264,720 in fiscal 2010.

However, only one-half of that revenue would be retained in the TTF each year, or \$44,100 in fiscal 2006, \$121,128 in fiscal 2007, \$124,762 in fiscal 2008, \$128,505 in fiscal 2009, and \$132,360 in fiscal 2010.

SHA advises that it would not charge a permit fee to a municipal corporation, county, or transit operator that applied for a permit.

Local Fiscal Effect: Local revenues would increase by \$44,100 in fiscal 2006, due to the 17.5% share of advertising revenue for the jurisdiction where the shelter is located. They would increase by \$121,128 in fiscal 2007, \$124,762 in fiscal 2008, \$128,505 in fiscal 2009, and \$132,360 in fiscal 2010.

There could be an additional increase in local revenues and expenditures if a municipal corporation or county entered into an agreement to construct, maintain, or operate bus

passenger shelters on State rights-of-way, depending on the terms of the particular agreement.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Transportation, Department of Legislative Services

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