

Department of Legislative Services  
Maryland General Assembly  
2014 Session

FISCAL AND POLICY NOTE

House Bill 852 (Delegate O'Donnell)  
Environmental Matters

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Highways - Scenic Byways - Signs

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This bill authorizes the State Highway Administration (SHA) to issue a permit for an outdoor sign along or near a scenic byway located on a federal-aid primary highway if the sign was erected on or before January 1, 2008.

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Fiscal Summary

**State Effect:** While the bill does not *require* SHA to issue permits, to the extent SHA uses the bill's permitting authority, Transportation Trust Fund (TTF) expenditures increase in FY 2015 and future years to investigate sign requests and issue permits, and TTF revenues increase due to permit and license fees. The number of permit requests received by SHA and the number of permits ultimately issued under the bill cannot be reliably estimated at this time. Failing to control outdoor advertising along scenic byways could also lead to the loss of 10% of most federal highway aid.

**Local Effect:** The bill is not expected to significantly affect local operations or finances.

**Small Business Effect:** Minimal overall, but potential meaningful for any small business that receives a permit under the bill.

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Analysis

**Current Law:** SHA may not issue a permit for any outdoor sign along or near any federal-aid primary highway if the sign:

- imitates or resembles an official traffic sign, signal, or device;

- is erected or maintained on any tree or painted or drawn on any rock or other natural feature;
- is erected or maintained in a way that obscures or otherwise interferes with the effectiveness of an official traffic sign, signal, or device;
- is erected or maintained in a way that obstructs or interferes with a driver's view of approaching, merging, or intersecting traffic or is located within 250 feet of any public park, public forest, playground, or cemetery that is adjacent to a federal-aid primary highway; or
- is along or near a scenic byway located on a federal-aid primary highway.

A person may not erect or maintain any outdoor sign along or near a federal-aid primary highway, unless the person has been issued a permit.

Federal law and regulations require states to control advertising on the sides of federally funded highways. Failure to control the outdoor advertising could result in the loss of federal highway aid.

Federal law prohibits the erection of any sign along a designated scenic byway, unless the sign is (1) a directional and official sign or notice pertaining to specified locations that include natural wonders, scenic attractions, and historical attractions; (2) advertising the sale or lease of property on which the sign is located; (3) advertising activities conducted on the property on which they are located; (4) a sign that was lawfully in existence on October 22, 1965, if the sign meets specified conditions; or (5) advertising the distribution by a nonprofit organization of free coffee to individuals traveling on the interstate system.

**Background:** Numerous federal and State requirements impact how and where outdoor advertising occurs along highways. In addition, many local zoning and sign ordinances dictate the size, illumination, and location of signs. Some local jurisdictions prohibit new off-premise outdoor advertising signs altogether. When SHA does issue permits, the requirements vary depending on whether the sign is for a business located on the property on which the sign will be placed (on-premise) or for businesses located elsewhere (off-premise). SHA sign permit fees range from \$10 to \$35 per advertising face, and outdoor advertising license fees range from \$50 to \$700 per advertising face. Permits and licenses must be renewed annually.

The National Scenic Byways Program was established under the Intermodal Surface Transportation Efficiency Act of 1991, and reauthorized in 1998 under the Transportation Equity Act for the 21st Century. Under the program, the U.S. Secretary of Transportation recognizes certain roads as National Scenic Byways or All-American Roads based on their archaeological, cultural, historic, natural, recreational, and scenic qualities. There are about 150 such designated byways in 46 states.

SHA operates the State's Scenic Byway Program, which designates byways, provides byway grant funding, and establishes guidelines for byways. Maryland has designated 18 State scenic byways that encompass 2,487 miles of roads and illustrate the State's scenic beauty, history, and culture.

**State Fiscal Effect:** While the bill does not *require* SHA to issue permits, to the extent SHA uses this permitting authority, TTF expenditures increase in fiscal 2015 and future years to investigate sign requests and issue permits. TTF revenues increase due to permit and license fees. The number of permit requests received by SHA and the number of permits ultimately issued under the bill cannot be reliably estimated at this time.

SHA advises that costs increase by approximately \$78,500 in fiscal 2015 to hire a real property specialist to (1) investigate sign requests; (2) enforce existing regulations related to signs; (3) handle customer complaints; (4) handle administrative duties related to signs; and (5) assist in monitoring State-maintained highways. While the Department of Legislative Services generally concurs that SHA's workload increases if the bill's authority is used, the need for additional staff is unclear without knowing the number of outdoor signs that are eligible for a permit under the bill.

**Additional Comments:** Although the bill does not *require* SHA to issue sign permits, SHA advises that the U.S. Department of Transportation's Federal Highway Administration has expressed concern about the proliferation of advertising signs and that failing to control advertising in accordance with federal law could lead to the loss of 10% of most federal highway aid.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Transportation; Department of State Police; Baltimore, Charles, and Frederick counties; Federal Highway Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 19, 2014  
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