

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7030

BILL NUMBER: HB 1262

NOTE PREPARED: Jan 20, 2022

BILL AMENDED: Jan 20, 2022

SUBJECT: Outdoor Advertising Signs.

FIRST AUTHOR: Rep. Cherry

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill provides that if a conforming outdoor advertising sign cannot be elevated or relocated within the market area due to a change along the interstate and primary system or any other highway, it is considered a total taking of a real property interest in the sign, including the sign structure. It provides that an owner is entitled to full and just compensation for the taking of a sign in the amount of the fair market value of the sign and any other property right associated with the sign. It also requires an appraiser to calculate the fair market value of a sign using more than one valuation approach.

Effective Date: July 1, 2022.

Explanation of State Expenditures: *Summary* - For each billboard that is considered a total taking under the bill, State Highway Fund expenditures will increase to provide full and just compensation for each affected billboard. Depending on the type of billboard affected, at a minimum, this bill will increase State Highway Fund expenditures between \$2,000 and \$30,000 per affected sign.

Additional Information - INDOT reports that between FY 2016 and FY 2021, an average of 15 billboards are affected by construction each year where these billboards were either relocated or raised.

Depending on the type of advertising sign erected, the costs to construct an advertising sign are estimated to be between \$2,000 and \$10,000 for a standard billboard and between \$20,000 and \$30,000 for a digital billboard. Additionally, billboard owners can expect to receive, on average, between \$1,500 to \$5,500 in lease revenue per month for a standard billboard and between \$3,000 to \$7,000 per month for a digital billboard in Indianapolis. Actual monthly lease revenue for each type of billboard will ultimately depend on

the billboard's geographic market and out-of-home rating.

For each billboard INDOT is required to replace under the bill's provisions, which is determined by fair market value of the outdoor sign as well as leasehold interest and access rights, INDOT could be required to pay at least \$2,000 to \$10,000 for each standard billboard and between \$20,000 and \$30,000 for each digital billboard that is affected by the bill. These costs could increase above these ranges to the extent foregone lease revenue is included in the calculation.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: INDOT.

Local Agencies Affected:

Information Sources: <https://fitsmallbusiness.com/how-much-does-billboard-advertising-cost/>; Andrea Zimmerman, INDOT.

Fiscal Analyst: Bill Brumbach, 317-232-9559.