



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4770 (Substitute H-2 as reported with amendments)
 Sponsor: Representative Sandra Hill
 House Committee: Transportation
 Senate Committee: Transportation and Tourism

Date Completed: 4-16-96

RATIONALE

Michigan's wealth of natural resources draws to the State visitors from around the nation and throughout the world. As a result, tourism is among the State's top revenue-producing industries. While many of Michigan's attractions, such as the national and State parks and the Great Lakes shorelines, are well-known tourist destinations, the State also is home to other destinations that offer numerous recreational opportunities, such as local festivals, u-pick farms, and inland lake resorts. Most visitors to Michigan travel by motor vehicle, and directions to the most popular attractions are well-marked by State directional signs or privately sponsored signs situated along the interstate expressways and State highways. There are fewer signs erected along rural roadways, however, that advertise and provide directions to the smaller, privately owned attractions. Some people believe a program for the placement of tourist-oriented directional signs is needed to help draw visitors to these attractions.

CONTENT

The bill would create a new Act to regulate tourist-oriented directional signs on rural roads by doing the following:

- **Requiring the Department of Transportation (DOT) to promulgate rules to implement a program for the placement of tourist-oriented directional signs and markers within the right-of-way of rural roads.**
- **Requiring the rules to specify criteria for including on a sign the season and hours of an eligible attraction.**
- **Providing for the establishment of a review board to consider applications for**

waivers of distance requirements for these directional signs.

- **Permitting the DOT to delegate responsibility for sign manufacture, installation, and maintenance to a nongovernmental agency.**
- **Requiring an operator of a tourist-oriented activity who wanted to participate in the directional sign program to submit an application to the DOT.**
- **Requiring the size, location, design, and arrangement of each sign under the bill to conform with certain Federal regulations, and permit the DOT to develop optional, standardized symbols for activities associated with eligible attractions.**
- **Permitting the DOT to impose a reasonable permit fee to cover the costs of implementing and administering the directional sign program.**

The bill would define "tourist-oriented directional sign" as a sign used to provide motorists with advanced notice of a tourist-oriented activity. "Tourist-oriented activity" would mean a lawful cultural, historical, recreational, educational, or commercial activity that was annually attended by 2,000 or more people and for which a major portion of the income or visitors was derived during the normal business season from motorists not residing in the immediate area of the activity. "Eligible attraction" would mean a tourist-oriented activity that was all of the following:

- Within 10 miles of the rural road for which a tourist-oriented directional sign was sought,

unless otherwise restricted or permitted by rules promulgated by the DOT.

- Not visible from the rural road.
- In compliance with Federal standards, if the activity were advertised by rural road signs.

"Rural road" would mean a highway as defined in the Michigan Vehicle Code, but would not include any of the following: a road or street within the boundaries of an incorporated city or village; a limited access highway as defined in the Vehicle Code; or a road that was part of the national system of interstate and defense highways.

Within six months of the bill's effective date, the Department of Transportation would have to submit proposed rules for public hearing in accordance with the Administrative Procedures Act to implement a program for the placement of tourist-oriented directional signs and markers within the right-of-way of those portions of rural roads within State jurisdiction. At a minimum, the rules would have to include all of the following:

- The form of the application for a permit to participate in the program.
- The criteria for limiting the number of permits for a single site or area.
- The criteria for issuing a permit for which multiple applications had been received.
- The removal or covering of signs during the off-season, if necessary, of an eligible attraction that operated seasonally.
- Criteria for including on a sign the season and hours of operation of an eligible attraction.
- Criteria for awarding sign manufacturing, installation, or maintenance contracts to nongovernmental agencies.
- A provision specifying that a person who obtained a permit under the bill would be responsible for payment of all costs incurred in the replacement of a sign, including the costs of manufacturing and installing the replacement sign and covering, if necessary.
- Minimum guidelines for the size, shape, and design of signs. The guidelines would have to conform to the manual of uniform traffic control devices adopted under the Michigan Vehicle Code.
- Provision for the establishment of a review board to consider and grant or deny applications for the waiver of distance requirements imposed under the bill for tourist-oriented directional signs.

The review board would have to consist of at least one member representative of each of the following: the DOT, the Department of Agriculture, and the Michigan Travel Bureau, as well as at least two members representative of persons in the general public who were engaged in tourist-oriented activities.

The Transportation Department could delegate responsibility for sign manufacture, installation, and maintenance to a nongovernmental agency pursuant to a written contract that did not prohibit that agency from making a reasonable profit as determined by the DOT.

The operator of a tourist-oriented activity who wanted to participate in a directional sign program would have to submit to the DOT or its designee an application for a permit pursuant to the rules promulgated under the bill. If the Department or its designee determined that an application was complete and that the applicant had complied with the bill and rules promulgated under it, the DOT or its designee would have to notify the applicant in writing of that determination. If the applicant paid the permit fee after receiving the written notice, the DOT or its designee would have to issue the permit.

If the DOT or its designee determined that an application was incomplete or that the applicant had not complied with the bill or rules, the Department would have to provide the applicant with written notice specifying the factual basis of that determination. A person aggrieved by a determination could appeal it pursuant to the Administrative Procedures Act.

The DOT would have to establish the time period for which a permit issued or renewed under the bill was valid. The Department also would have to establish criteria for canceling a permit that had been issued or renewed.

The DOT could not issue permits that would result in installation of more signs at a single site than were permitted by rules. If applications for sign installation at a single site exceeded the number of signs permitted for that site, permits would have to be issued in accordance with rules.

If the eligible attraction for which a permit was in effect ceased operation, the owner or operator of that attraction immediately would have to return the permit to the DOT or its designee for cancellation. If the Department or its designee

had reasonable cause to believe that an eligible attraction for which a permit had been in effect ceased operation, the DOT Director would have to issue an order canceling the permit and provide the permit holder with a copy of the order. If the order were not appealed in a timely manner, or if the order were appealed and the cancellation were affirmed, the Director would have to order the removal of the sign(s) governed by the canceled permit.

The size, location, design, and arrangement of each sign subject to the bill would have to conform to the specifications for signs contained in the Federal manual of uniform traffic control devices.

The Department would have to develop optional, standardized symbols for different types of activities association with eligible attractions. The symbols could be used on signs in conjunction with other directional information. If more than one eligible attraction required a sign at the same location, multiple signs could be combined on the same panel in accordance with the Federal manual.

Signs governed by the bill could be erected at locations the Department determined appropriate to ensure adequate sight distance, intersection vehicle maneuvers, and public safety.

The DOT could impose a reasonable fee for a permit issued under the bill, which would have to be calculated to include reimbursement for the Department's anticipated costs in implementing and administering the bill, including the costs of installing, repairing, covering during an off-season, and removing signs.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Revenues generated from tourism contribute greatly to Michigan's economy. While certain major tourist attractions make up the foundation of the tourism industry, numerous smaller attractions add to the overall vitality of the industry. Many of these attractions, however, are located throughout the State in hard-to-find places. Under the bill, owners and operators of these businesses would be able to apply for permits from the Department of Transportation to have erected on the roads near them signs that would direct travelers to

these locations. To qualify for the program, a business would have to meet certain criteria, such as minimum attendance levels, before it could obtain a permit to have a sign erected. In addition, the Department could impose a reasonable permit fee to cover the costs of implementing and administering the program. Many of the owners and operators of these smaller attractions cannot afford to erect directional signs on their own. The bill would help these persons advertise their operations and improve Michigan's tourist industry by making it easier for travelers to be alerted of and directed to these attractions. Currently, 15 other states reportedly operate similar sign programs.

Response: Under the bill, the review board would have to consider and grant or deny applications for the waiver of distance requirements imposed for the tourist-oriented directional signs. Some people believe the board also should be able to review and grant or deny the permit fee imposed by the Department.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The revenues generated from the permit fee would depend on the demand for the signs. The fee would be set at a level to cover the Department's costs, making the program revenue neutral to the Department.

Fiscal Analyst: B. Bowerman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.