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INCREASE LOGO SIGNS

Senate Bills 483 and 484 (Substitutes H-1) First Analysis (5-12-98)

Sponsor: Senator John Schwarz, M.D.
Committee: Transportation

THE APPARENT PROBLEM:

The proliferation of billboards along the country's roadways prompted a nationwide movement spearheaded by environmental conservationists known as the U.S. highway beautification act. The program began in 1965 and its advocates at both the federal and state levels of government worked in conjunction with the builders of the interstate highway system. The movement gained national visibility during the 1960s when former first lady "Ladybird" Johnson promoted projects to remove unsightly advertising, promote landscaping projects, and preserve scenic spots. Funds for highway beautification have been a part of the U.S. Department of Transportation budget since 1965, although conditions for funding eligibility have changed significantly in the past decade.

Efforts to remove existing highway billboards and also to limit new billboards has led some conservationists to support a form of outdoor advertising that would substitute smaller signs for billboards. These substitute signs are called logo signs. Opponents of billboards express support for logo signs in the hope that they will reduce the number of freestanding billboards, allowing a more aesthetically pleasing road system for travelers.

However, proponents of billboards, including representatives of the outdoor advertising industry, also support logo signs because they increase advertising opportunities. Unlike conservationists, outdoor advertisers do not expect additional logo signs to reduce outdoor advertising or to eliminate existing billboards. While conservationists argue for logo signs as a way to enhance the visual environment, billboard proponents cite the need for the signs in order to promote a vital tourism economy. For them, logo signs do not substitute for billboards.

In 1995, both Public Act 205 of 1941 (which provides for the construction and maintenance of limited access highways) and the Michigan Vehicle Code were amended to require the state transportation department to conduct a study for at least three years to evaluate

the potential benefit to the traveling public of logo signing within the right-of-way of limited access highways. The study must include the economic impact of logo signing on the outdoor advertising industry, the benefits of logo signing to the motoring public and local businesses, the acceptance of logo signing by the motoring public, and the proposed standards for logo signing recommended by the State Transportation Commission. The study, which must be completed before 1999, includes a pilot program for logo signing at up to 30 interchanges.

The City of Marshall, which is located close to the intersection of Interstate 94 and Interstate 69, has expressed a desire to be included in the pilot program; however, the limit of 30 interchanges has been filled. Since the city has a road that leads north to an interchange on I-94, and another that leads west to an interchange on I-69, some have argued that the maximum number of interchanges that allow logo signs be increased, so that logo signs can be erected to advise travelers on either highway of the services and businesses available in Marshall.

THE CONTENT OF THE BILLS:

Senate Bill 483 would amend Public Act 205 of 1941 (MCL 252.52), and Senate Bill 481 would amend the Michigan Vehicle Code (MCL 257.676a), to increase from 30 to 60 the number of interchanges to be included in the logo signing pilot program. Under current law, the state transportation department is required to issue a written report, no later than October 1, 1998, on a study designed to evaluate the potential benefit to the traveling public of logo signing within the right-of-way of limited access highways. Senate Bill 484 would extend the reporting date to December 31, 1998.

HOUSE COMMITTEE ACTION:

As passed by the Senate, the bills provided for 100 interchanges to be included in the logo signing pilot

program. The House substitute decreased the number to 60. In addition, the House substitute deletes a section, added on the Senate floor, that would have prohibited the department from limiting by type of business or service the number of businesses permitted to advertise on each logo sign if the maximum number of businesses permitted to advertise on the logo signs had not been reached.

BACKGROUND INFORMATION:

Logo signs can be seen at highway intersections and interchanges, bearing the logotypes, or trademarks, of gas, food, lodging, and camping services available at highway exits. A logo sign generally measures 10 feet by 15 feet in size and includes up to six panels, which measure three feet by four feet, and display the logo of a restaurant, gas station, hotel or motel, or camping facility located near a highway intersection. The first logo signing program was implemented in the early 1970s along the Virginia interstate highway system. Since then, 44 states have established logo programs. The logo advertising appears only on the interstate highway system.

In Michigan the logo sign program is run by Michigan Logos, Inc., a private company selected in a bidding process by the Department of Transportation to administer the project. Michigan Logos, Inc. is part of a company that operates logo sign programs similar to Michigan's in 18 other states, and Ontario Province in Canada. Michigan's logo sign program, established in statute, allows the corporation to sell four kinds of service signs: food, lodging, gas, and camp grounds. The annual fee for one set of signs (there are four signs to a set: two on the interstate, and two on each ramp) is \$1,320. There is an additional one-time sign production fee of \$500.

Michigan Logos, Inc. also administers a separate outdoor advertising program for MDOT, the Tourist Oriented Directional Signs, or TODS, program. Unlike the logo service advertising program, which is thought primarily to serve through-travelers on their way to particular travel destinations, TODS is directed at travelers who also are tourists. The program has smaller signs, and lists different kinds of travel destinations (golf courses, wineries, excursion parks, musical arenas, dramatic theaters, museums). These signs may appear along state highways (and not the interstate).

FISCAL IMPLICATIONS:

According to a Senate Fiscal Agency analysis on an earlier version of the bills, the bills would have a minimal fiscal impact on the state. Under the terms of this pilot project, highway logo signs are provided by a private contractor who incurs costs and generates revenue from their sale. No state money is used for sign construction or maintenance. It is estimated that the state would incur only minimal additional administrative costs by broadening the scope of this pilot study. (12-4-97)

ARGUMENTS:

For:

The bills would allow the City of Marshall to participate in the logo sign pilot program, and thus have logo signs placed on I-69 and I-94, in order to alert travelers to the services and businesses in Marshall and near the interchanges that lead to Marshall. While the city has a traditionally strong tourism base, the bills would enhance efforts to expand that base.

For:

Not only do logo signs aid tourists visiting the state to locate various travel services, they also serve as alternatives to large, obtrusive billboards that are a detriment to the state's scenic beauty. An EPIC/MRA survey conducted in September 1997 revealed that 79 percent of those polled favored the idea of limiting billboard advertising and increasing the use of logo signs. Further, a survey conducted by Michigan State University indicated that more than 90 percent of participating and nonparticipating businesses want logo signing installed throughout Michigan. The state should do everything it can to encourage the use of logo signs, especially if in doing so it will also reduce the number of unsightly billboards.

Response:

People familiar with the operation of logo sign programs in other states note that many of the businesses that advertise on a logo sign also use outdoor advertising to provide travelers with additional information on their businesses. In fact, Michigan State University's study of the logo sign program stated that 85 percent of companies that use logo signs also rent or own outdoor advertising. If the state is interested in a project that reduces overall the amount of outdoor advertising, these bills should be amended to prohibit a business that advertises on a logo sign from advertising on a billboard within one mile or less of a logo sign, and vice versa.

For:

This bill represents a compromise between those who favor logo signs and those who favor outdoor advertising but oppose the proliferation of logo sign systems to serve motorists in lieu of billboards. The bill as passed by the Senate allowed for 100 interchanges in the logo sign pilot program. That number has been reduced to 60 interchanges in House committee. Logo signs should never replace billboards, because travelers need more information than can be supplied on a logo sign. These bills recognize that both kinds of outdoor advertising are legitimate and necessary.

Against:

The logo sign pilot program is well under way, and the study is being conducted and must be completed in 1998. By doubling the number of interchanges in the pilot program, the bill would distort the pilot program and render the study useless. The pilot program and the study of it should be allowed to proceed without interference.

Response:

There is a question why the program needs to be limited at all. Since over 40 states allow logo signs to be placed along the rights-of-way of their limited access highways, it seems that there already is sufficient data on these states' experiences that Michigan highway officials could study to determine the effectiveness of a similar program in the state. Instead of limiting the increase in logo signs to 60 interchanges, the bills should allow logo signing at all interchanges and eliminate the pilot program.

POSITIONS:

The Department of Transportation supports the bills. (5-7-98)

Michigan Logos, Inc. supports the bills. (5-7-98)

The Michigan United Conservation Clubs proposed amendments, but supports the bills as reported from committee. (5-11-98)

The Michigan Restaurant Association supports the bills. (5-8-98)

The Service Station Dealers Association supports the bills. (5-7-98)

The Michigan Hotel, Motel, and Resort Association supports the bills. (5-11-98)

Analyst: J. Hunault

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.