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SFA BILL ANALYSIS

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Senate Bill 483 (as enrolled) **PUBLIC ACT 223 of 1998**
Senate Bill 484 (as enrolled) **PUBLIC ACT 224 of 1998**
Sponsor: Senator John J.H. Schwarz, M.D.
Senate Committee: Transportation and Tourism
House Committee: Transportation

Date Completed: 7-23-98

RATIONALE

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, expressed a desire to be included in the pilot program; however, the limit of 30 interchanges was 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, it was suggested that the maximum number of interchanges that allow logo signs be increased to 32, so that logo signs can be erected to advise travelers on either highway of the services and businesses available in Marshall. It was further suggested that the number of interchanges be doubled, so that more locations may participate.

CONTENT

Senate Bill 483 amended Public Act 205 of 1941, and Senate Bill 484 amended the Michigan Vehicle Code, to increase from 30 to 60 the number of interchanges to be included in a pilot program for logo signing.

Under the Vehicle Code, the Transportation Department is required to conduct a study and issue a report on logo signing. The bill extended the date for completion of the report from October 1, 1998, to December 31, 1998.

Previously, under both the Vehicle Code and Public Act 205 of 1941, any revenue received by the Department regarding the logo signing pilot project was required to be deposited in the State Trunk Line Fund. The bills require that any revenue be deposited in the Michigan Transportation Fund.

MCL 252.52 (S.B. 483)
257.676a (S.B. 484)

BACKGROUND

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, over 40 additional states have established similar logo programs. Logo advertising appears only on the interstate highway system.

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

The bills allow the City of Marshall and several other locations to participate in the logo sign pilot program, in order to alert travelers to the services and businesses in or near those locations. While the City of Marshall and others have a traditionally strong tourism base, the bills will enhance efforts to expand those bases.

Supporting Argument

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. The State should do everything it can to encourage the use of logo signs.

Response: Persons 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. While the State can encourage the study of logo signs, it should not contemplate actions that would restrict the advertising industry. Logo signs cannot replace billboards, because travelers need more information than can be supplied on a logo sign.

Opposing Argument

While the bills double the number of interchanges at which logo signs may be used, 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 are sufficient data on these states' experiences that Michigan highway officials could study to determine the effectiveness of a similar program in this State. The bills should have allowed logo signing at all interchanges and eliminated the pilot program.

Response: The pilot program is well under way, and the study is being conducted and must be completed in 1998. Eliminating any restrictions on the number of logo signs would distort the pilot program and render the study useless. The pilot program and the study of it should be allowed to proceed with minimal interference.

Legislative Analyst: G. Towne

FISCAL IMPACT

The bills will have a minimal fiscal impact on the State. Under the terms of this pilot project, logo signs are provided by a private contractor who incurs the costs and generates the revenue from their sale. No State funds are used for sign construction or maintenance. It is assumed that the State will incur only minimal additional administrative costs by broadening the scope of this pilot study.

However, in the event that the logo sign program becomes a source of revenue for the State, those funds will be distributed according to the formulas contained in Public Act 51 of 1951. According to current law, 10% of those funds will be directed to comprehensive transportation purposes and the remainder divided among the State trunkline (39.1%), county road commissions (39.1%), and cities and villages (21.8%).

Fiscal Analyst: P. Alderfer