

REPEAL LOGO SIGNING PILOT STUDY

House Bills 4605 and 4606 as introduced First Analysis (5-6-99)

**Sponsor: Rep. Valde Garcia
Committee: Transportation**

THE APPARENT PROBLEM:

The logo signing pilot program, enacted as Public Acts 92 and 93 of 1995 (and amended by Public Acts 223 and 224 of 1998), provides for a three-year experiment conducted by the Department of Transportation requiring that logo signs be placed in the right-of-way on limited access highways at up to 60 interchanges. The act requires the department to make a written report about its study to the legislature not later than December 31, 1998.

The act specified that the written report evaluate four aspects of the logo signing pilot program: (1) the economic impact of logo signing on the outdoor advertising industry, (2) the benefits of logo signing to the motoring public and local businesses, (3) the acceptance of logo signing by the motoring public, and (4) the proposed standards for logo signing recommended by the State Transportation Commission.

The Department of Transportation Traffic Operation and Safety Research Center selected a professor and graduate research assistant from the Michigan State University Department of Civil and Environmental Engineering to conduct the evaluation of the pilot program, and to prepare the draft report. According to that report, "the evaluation of the program was designed to assess the impact of the program on the billboard industry and to determine the level of public and participant satisfaction with the guidelines used to administer the program."

To assess the economic impact of logo signing on the outdoor advertising industry, three separate studies were conducted: a correlation of new billboard permit authorizations to rescinded permits; field studies to determine the average number of billboards per business for a subset of pilot locations compared to the number at control interchanges having no logo signs; and, a comparison of the rate of growth (or reduction)

in the number of billboards along a corridor with logo signs and a similar control corridor without them.

To assess the public and commercial acceptance of the logo signing pilot program, surveys were conducted using three survey questionnaires: one for the general public; one for the participating commercial establishments; and the third for those businesses which were eligible for logo signs but elected not to be part of the program.

According to the final report issued on December 7, 1998, "the results from these analyses indicated that the Logo Signing Pilot Program has not had a detrimental impact on the number of billboards along Michigan highways . . . there was no net change in the number of billboards with the implementation of the program in June 1996." Further, the evaluation found that "the businesses participating in the Logo Signing Program purchased more billboard space than the businesses that were not located at one of the pilot interchanges." Finally, the evaluation found the acceptance of the program to be high: 82 percent of the 262 drivers surveyed noticed the logo signs, 82 percent found them useful, and 89 percent were in favor of implementing the program statewide. Of the 34 responses from businesses participating in the program, 88 percent were satisfied with the service and 94 percent desired to implement the program stateside. Twelve surveys were received from businesses located at the pilot interchanges but not participating in the program; eleven of the twelve (92 percent) thought the program should be implemented statewide. (See *BACKGROUND INFORMATION*, below, for more detail about the history of the logo sign program, as well as information about the vendor selected by MDOT to administer it.)

Since the three-year pilot program has been completed and a favorable report issued, the provisions

establishing the pilot program and its evaluation can be eliminated in the statute. To that end, legislation has been introduced to remove the appropriate provisions.

THE CONTENT OF THE BILLS:

House Bill 4605 would amend the Michigan Vehicle Code (MCL 275.676a) and House Bill 4606 would amend Public Act 205 of 1941 (MCL 252.52), which provides for the construction and maintenance of limited access highways and facilities ancillary to them, to repeal the logo signing pilot program and instead would allow for the unlimited use of logo signs within the right-of-way on limited access highways. Under the bills, the Department of Transportation would be required to approve the signs' trademarks and symbols, as well as the signs' locations.

The bills are tie-barred to each other.

BACKGROUND INFORMATION:

Logo Signs. 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).

Highway Beautification and Billboard Control. The proliferation of billboards along the country's roadways prompted a nationwide movement spearheaded by environmental conservationists that was 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.

FISCAL IMPLICATIONS:

Regarding both bills, the House Fiscal Agency notes that the Department of Transportation does not receive

revenue for sign rental under the current pilot program. The potential for sign rental revenue does exist and the bill provides that such revenue be deposited in the Michigan Transportation Fund. The State Trunkline Fund, county road commissions, and incorporated cities and villages all receive a distribution of Michigan Transportation Fund revenue under the formula set forth in Public Act 51 of 1951. To the extent that sign rental revenue was received and deposited in the Michigan Transportation Fund, there would be an increase in both state and local revenue although the amount of the increase is not determinable at this time. There are no apparent impacts on state or local costs.

With regard to House Bill 4606, the House Fiscal Agency also notes that other sections of Public Act 205 of 1941 which provide for the lease of facilities on state limited access highways also provide that revenue from such leases be deposited to the State Trunkline Fund. (4-28-99)

ARGUMENTS:

For:

The three-year pilot study and evaluation of Michigan's fledgling logo signing program was completed on December 31, 1998. The report issued by the Department of Transportation was favorable, both for the traveling public and for outdoor advertisers. The statutory provisions that call for and describe the pilot study and evaluation should be removed from the law books. There are currently 697 businesses participating in the Pilot Logo Signing Program. Assuming 80 percent of the total eligible prime candidates participate in the program, Michigan Logos, Inc. expects to have annual participation from an additional 950 businesses if the program is expanded statewide.

For:

Logo signs help 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

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. According to the Michigan United Conservation Clubs, if the state is interested in a project that reduces overall the amount of outdoor advertising, the bill 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.

POSITIONS:

The Department of Transportation supports the bills. (5-5-99)

Scenic Michigan supports the bills. (5-4-99)

The Michigan Restaurant Association supports the bills. (5-5-99)

The Michigan Golf Course Owners Association supports the bills. (5-5-99)

The Michigan United Conservation Clubs supports the bills but recommends prohibiting businesses that advertise on logo signs from also advertising on billboards near the logo signs. (5-4-99)

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University indicated that more than 90 percent of participating and nonparticipating businesses want logo signing installed throughout Michigan. The state

■ 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.