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BY THE COMPTROLLER GENERAL
Report To The Chairman, Committee On
Environment And Public Works
United States Senate
OF THE UNITED STATES

The Outdoor Advertising Control Program Needs To Be Reassessed

The Highway Beautification Act of 1965 required that states control outdoor advertising along federally funded interstate and primary highways. Since the enactment of the act, thousands of outdoor advertising signs have been removed to enhance the natural beauty of the nation's highways. However, many prohibited signs are still standing and are likely to remain so because federal funds are not being appropriated to compensate sign owners for their removal, as required by the act.



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Accomplishing the goal of the Highway Beautification Act will require either additional federal funding or a change in the compensation requirement of the act, as amended. GAO recommends that the Congress reassess the outdoor advertising control program. In making this reassessment the Congress will need to weigh the program's goal and requirements against program costs.

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-216911

The Honorable Robert T. Stafford
Chairman, Committee on Environment and
Public Works
United States Senate

Dear Mr. Chairman:

In response to your request, this report provides information on the effectiveness of the outdoor advertising control program which was established by the Highway Beautification Act of 1965.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 21 days from the date of the report. At that time, we will send copies to the Chairmen, House Committee on Public Works and Transportation, Senate Committee on Appropriations, and House Committee on Appropriations; the Secretary of Transportation; and other interested parties. We will also make copies available to others upon request.

Sincerely yours,

A handwritten signature in black ink, reading "Charles A. Bowles".

Comptroller General
of the United States



D I G E S T

The Highway Beautification Act of 1965 established a national policy and program for the control of outdoor advertising along federally funded interstate and primary highways. The purpose of control is to protect the public investment in such highways, to promote the safety and recreational value of public travel, and to preserve natural beauty. Each state is required to develop and administer its own sign-control program consistent with the national policy and program. The Department of Transportation, through its Federal Highway Administration (FHWA), oversees the states' programs. The Secretary of Transportation is authorized to withhold 10 percent of the annual federal highway funds of any state that has not established and maintained an effective sign-control program.

The act and implementing regulations require states to remove "nonconforming" and "illegal" signs and restrict the construction of new signs. Nonconforming signs, as defined by the regulations, are those that were legally erected before the program's requirements became effective. Owners of these signs and their sites must be compensated for their removal. The federal government pays 75 percent of the cost of compensation and the states are responsible for 25 percent. Illegal signs are those that were erected after the act's requirements became effective. These signs must be removed expeditiously and removing them does not require the payment of compensation to sign and site owners.

A 1978 amendment broadened the Highway Beautification Act's compensation provision by requiring that monetary compensation be paid to sign and site owners for signs that are removed because they do not conform to local laws or ordinances. Prior to the amendment, localities could remove signs that did not conform to local laws or ordinances without providing monetary compensation.

While over \$200 million has been spent on the program since 1965, annual federal program expenditures have declined from about \$27 million in fiscal year 1976 to about \$2 million in fiscal year 1984. As of September 30, 1984, about \$15 million in program funds have been obligated and remain to be spent by the states. Current funding authority for the program expires at the end of fiscal year 1985.

The administration has not requested new program funds in its budgets since fiscal year 1982, explaining that the program was being reassessed. The Congress appropriated no new funds to the program for fiscal year 1984. States cannot be required to remove nonconforming signs if no federal funds are available for paying compensation but they must continue to remove illegal signs and restrict new signs.

In a July 1, 1983, letter, the Chairman, Senate Committee on Environment and Public Works, asked GAO to obtain information on the effectiveness of the outdoor advertising control program. On the basis of that letter and discussions with the Chairman's office, GAO focused its work on:

- How many illegal and nonconforming signs remain standing and what will it cost to remove them?
- How effective are state sign-control programs and how effective is federal oversight of such programs?
- How has the 1978 amendment to the act affected sign control?

As requested by the Chairman, GAO also addressed other specific questions regarding program status and sign-control policies, procedures, and practices. (See pp. 28 to 41.)

In carrying out its work, GAO reviewed seven states' outdoor advertising control programs and conducted a questionnaire survey of the 50 states.

STATUS OF SIGN REMOVAL

Although about 587,000 signs have been removed since the program began in 1965, about

172,000¹ nonconforming and illegal signs remained standing along our nation's interstate and primary highways as of September 30, 1983, according to FHWA data. Of the remaining signs, about 124,000 are nonconforming and about 48,000 are illegal. These were the most recent comprehensive data available at the time of the GAO review. GAO is concerned, however, about the reliability of some of these data. GAO found the data on remaining illegal signs to be unreliable for three of the seven states it reviewed. (See pp. 6 and 14.)

The removal of nonconforming signs has declined about 78 percent since 1979 as federal program expenditures have decreased. It is unlikely that the remaining nonconforming signs will be removed in the near future since FHWA estimates that about \$427 million in federal funds would be required to remove the 124,000 such signs that remain standing. (See p. 7.)

The removal of illegal signs has also declined in recent years. Seventy-three percent fewer signs were removed in 1983 than in 1980. This decline is not, however, attributable to the reduction in federal funds, since removing illegal signs does not require the payment of compensation. Rather, limited state resources, state procedures which slow sign removals, and lack of program support have contributed to the slow removal of illegal signs, based on GAO's review of programs in seven states. (See p. 11.)

FEDERAL OVERSIGHT AND STATE PROGRAM PROBLEMS

Although federal law requires states to remove illegal signs and restrict new ones irrespective of federal funding, FHWA's overall oversight of state sign-control programs declined as federal funding decreased. FHWA deemphasized the program and, in one FHWA regional administrator's view, states may have taken advantage of this relaxed approach. A 1983 FHWA review of state programs identified or

¹Not including signs affected by the 1978 amendment. (See p. iv.)

restated problems with state programs and suggested that some states were not effectively controlling outdoor advertising. For example, the review indicated that Arizona, Kentucky, and Louisiana were not removing illegal signs expeditiously. While the Secretary of Transportation has not penalized any state for a program infraction since 1977, FHWA has worked with some states to resolve problems with their programs. (See p. 17.)

In June 1983, FHWA presented to the Office of the Secretary of Transportation a proposal for revising the outdoor advertising control program which calls for

- limiting outdoor advertising control to rural interstate routes,
- eliminating the mandatory compensation requirement for the removal of nonconforming signs,
- removing nonconforming signs within 5 years with discretionary federal highway funds, and
- replacing the 10-percent funding penalty with a more flexible enforcement provision.

As of October 1984, the proposal was still being considered by the Office of the Secretary. (See p. 21.)

EFFECTS OF THE 1978 AMENDMENT

The 1978 amendment increased the cost of outdoor advertising control by increasing the number of signs that cannot be removed without compensation. FHWA estimates that 38,000 additional signs that did not conform to local laws or ordinances became eligible for monetary compensation because of this amendment and that their removal will require an additional \$334 million in federal funds. The amendment has hindered sign removal in some localities that had planned to remove signs without paying monetary compensation. In lieu of monetary compensation, these localities would have allowed sign owners to retain their signs for a specified period of time in order to recoup their investment. (See p. 22.)

Views on the 1978 amendment and its effects vary. In response to the GAO questionnaire survey, 32 states indicated that the amendment had no effect on their states' sign-control program and 17 states indicated that the amendment made it more difficult to remove signs. One state did not respond to this question. Nine of the 17 affected states indicated that the amendment prevented them from removing signs without paying monetary compensation. Twenty-seven states greatly or somewhat favored repealing the amendment.

Several national organizations, such as the Garden Clubs of America, the Sierra Club, and the National League of Cities, also favored repealing the amendment. However, advertising and business organizations generally opposed repeal; one such organization stated that the 1978 compensation amendment closed a "loop-hole" in the act that allowed localities to remove signs without paying compensation.

The Department of Transportation also opposed the 1978 amendment. In a letter included in the congressional record, the Secretary of Transportation stated that the broadened compensation requirement represented a federal intrusion into local land-use control prerogatives and would undermine sign-control efforts.

RECOMMENDATION TO THE SECRETARY OF TRANSPORTATION

FHWA has completed a review of the outdoor advertising control program and has proposed program changes to the Office of the Secretary of Transportation, which would require legislation. GAO recommends, therefore, that the Secretary of Transportation complete the review of the FHWA proposal, develop the Department's position on the program, and present that position to the Congress. (See p. 43.)

RECOMMENDATION TO THE CONGRESS

GAO's review shows that without additional federal funding or a change in the compensation requirement of the Highway Beautification Act, as amended, the 1965 act's goal--to control outdoor advertising along federally funded interstate and primary highways--will not be accomplished. GAO recommends, therefore, that the Congress reassess the outdoor

advertising control program. In making this reassessment, the Congress will need to weigh the program's goal and requirements against program costs and, if warranted, consider changes to the goal and requirements which reflect an appropriate level of funding. (See p. 43.)

AGENCY COMMENTS

GAO did not request agency comments on this report. However, GAO did discuss the report's contents with officials from the Department of Transportation and the states it reviewed.

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ABBREVIATIONS

FHWA	Federal Highway Administration
GAO	General Accounting Office
NYS DOT	New York State Department of Transportation

GLOSSARY

Amortization	To provide for the gradual extinguishment of an obligation over time. Amortization allows sign owners to retain their signs for a specified period of time in order to recoup their investment. After that period of time, the signs are removed without monetary compensation.
Arterial highway	A highway primarily for through-traffic, usually on a continuous route.
Federal-aid highway	A designated route upon which federal funds may be used.
Illegal sign	A sign erected or maintained contrary to state law. Such signs must be removed without compensation.
Information center	A building or portion of a building in a roadside area under the control of the highway agency, primarily to furnish travel, other information, and services to motorists.
Just compensation	That payment required by law for the loss sustained by the owner as a result of taking or damaging private property for highway purposes.
Logo	A distinctive emblem, symbol, or trademark that identifies a product or service.
Nonconforming sign	A sign that was lawfully erected but that no longer complies with state laws or regulations passed after it was constructed or that fails to comply with state laws or regulations due to changed sign conditions, such as the addition of lighting. Just compensation must be paid when a nonconforming sign is removed.
Off-premise sign	An outdoor sign, display, or device advertising a service or product at a location other than on the property where such service or product may be obtained.
On-premise sign	An outdoor sign, display, or device advertising an activity conducted on the property on which the sign is located or advertising the sale or lease of that property.
Primary highway	A rural arterial highway and its extension into urban areas.
Right-of-way	That portion of land, property, or interest therein, usually in a strip, acquired for or devoted to transportation purposes.



CHAPTER 1

INTRODUCTION

Federal control of outdoor advertising grew out of the construction of the Interstate Highway System. In 1958, about 2 years after states began building interstate highways, the Congress declared it in the public interest to control outdoor advertising near these highways. As an inducement, the Federal-Aid Highway Act of 1958 (Public Law 85-381) offered highway funding bonuses to states that agreed to control signs near new interstate highways. Through fiscal year 1984, about \$42 million had been awarded to the 23 states in the "bonus program," which is still in effect.

The Highway Beautification Act of 1965 (Public Law 89-285) broadened outdoor advertising control by requiring that states control signs near both interstate and primary highways or risk a federal highway funding penalty. Among other things, the act stated:

"The Congress hereby finds and declares that the erection and maintenance of outdoor advertising signs, displays, and devices in areas adjacent to the Interstate System and the primary system should be controlled in order to protect the public investment in such highways, to promote the safety and recreational value of public travel, and to preserve natural beauty."¹

Each state has established and now administers its own sign-control program. It may, if it chooses, set sign control standards that are stricter than the national ones. The Department of Transportation, through the Federal Highway Administration (FHWA), oversees state programs and administers federal funds appropriated for sign control. The act empowers the Secretary of Transportation to withhold 10 percent of annual federal-aid highway funds from any state that does not have an effective sign-control program.

HOW SIGN CONTROL WORKS

The Highway Beautification Act, as amended (23 U.S.C. 131), does not require states to remove all existing signs or prohibit the erection of all new signs. The major classifications of signs that are exempted from control are

--signs on the property on which the advertised activity is conducted (on-premise signs--see photograph, p. 3);

¹The act also provided for the control of junkyards and for landscaping and scenic enhancement along interstate and primary highways.

- directional and other official signs and notices required or authorized by law;
- signs in zoned and unzoned industrial and commercial areas that meet state requirements as to size, lighting, and spacing (see photograph, p. 3); and
- signs classified as landmarks.

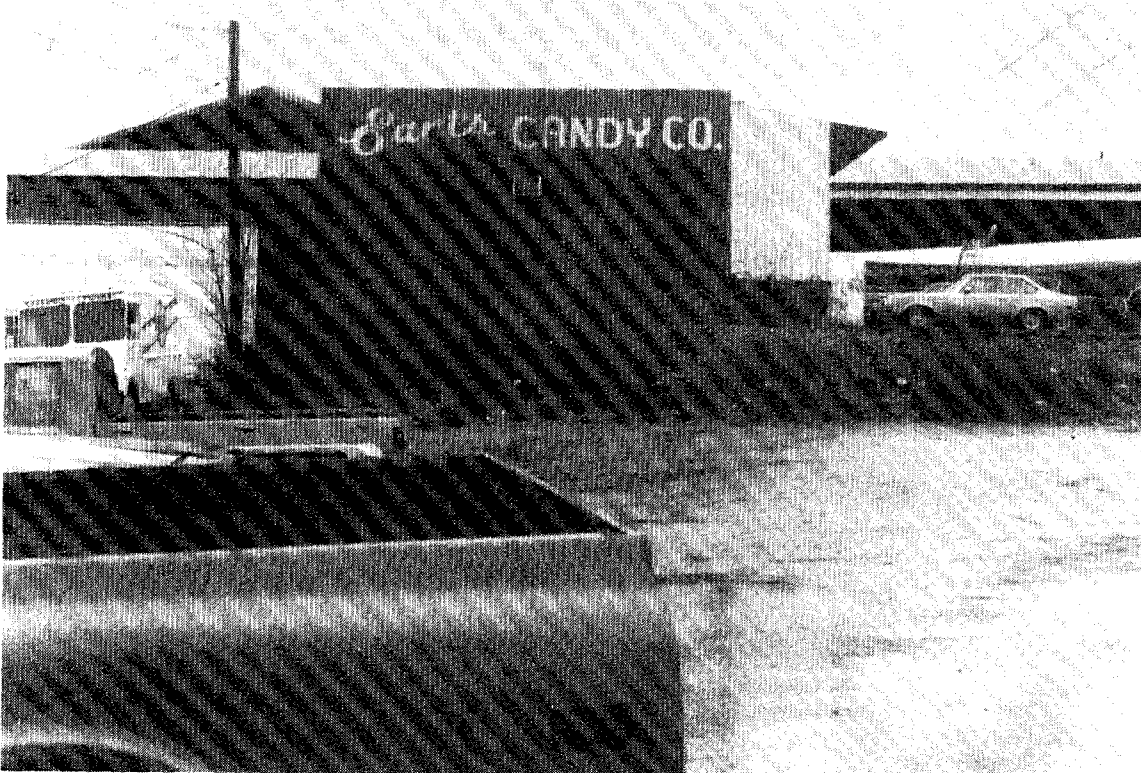
States are required to remove nonexempted signs and prohibit the erection of new ones. Signs that were lawfully erected but do not comply with state laws passed after the act are classified as "nonconforming." They are to be removed and the sign owners and site owners are to receive just compensation. Any sign erected contrary to state law is classified as "illegal" and must be removed promptly without compensation to owners.

The Federal-Aid Highway Act of 1978 amended the Highway Beautification Act's compensation provision. The amendment requires that monetary compensation be paid in all cases when nonconforming signs are removed, whether or not they are removed because of the beautification act's requirements. For example, under this amendment, monetary compensation must be paid if signs are removed because of local zoning or land use controls. Prior to the 1978 amendment, these signs could be removed without paying monetary compensation. Some localities had required that signs be removed after a write-off or amortization period.

PROGRAM FUNDING

Under the act, the federal government pays 75 percent of the cost of compensating owners of nonconforming signs and their sites. The states are responsible for the remaining 25 percent. Since 1965, about \$203 million in federal funds has been expended for outdoor advertising control, including bonus program payments under the 1958 highway act. As of September 30, 1984, about \$15 million in program funds have been obligated and remain to be expended by the states. Annual program expenditures peaked at about \$27 million in fiscal year 1976 and have been declining since then. Only about \$2 million was expended in fiscal year 1984. (For additional information on program expenditures, see app. I.) The administration has not requested new program funds in its budgets since fiscal year 1982, and the Congress appropriated no new funds to the program for fiscal year 1984.

Current funding authority for the program expires at the end of fiscal year 1985. However, the requirements of the Highway Beautification Act, as amended, are a permanent part of the U.S. Code and states must continue to implement the program or face the loss of 10 percent of their federal-aid highway funds. States must continue to restrict new signs and remove illegal ones even if the funding authority expires. States are not required to remove nonconforming signs, however, if no federal funds are available for the federal share of compensation.



On-premise sign.



Sign in an industrial or commercial area.

OBJECTIVES, SCOPE, AND METHODOLOGY

In a July 1, 1983, letter, the Chairman, Senate Committee on Environment and Public Works, asked us to obtain information on the effectiveness of outdoor advertising control under the Highway Beautification Act of 1965. On the basis of that letter and a subsequent discussion with the Chairman's office, we focused our work on the following three questions:

- How many illegal and nonconforming signs remain standing and what will it cost to remove them?
- How effective are state sign-control programs and how effective is federal oversight of state programs?
- How has the 1978 amendment to the act affected sign control in cities and other localities?

As requested by the Chairman, we also addressed other specific questions regarding program status and sign-control policies, procedures, and practices. See appendix II for a complete list of questions we addressed and page references for our responses.

In carrying out our work, we interviewed officials from the Department of Transportation, Office of the Secretary; FHWA headquarters, regions, and divisions; state transportation or highway agencies; cities and other local jurisdictions; and business, advertising, governmental, and environmental organizations. We reviewed program-related documents, including legislative records, federal-state agreements, federal and state regulations and procedures, progress reports, state sign-permit records, vegetation control and tree-cutting procedures and permits, FHWA's reviews of state programs, and correspondence.

Because each state establishes and administers its own program, we selected, with FHWA's and the Committee's assistance, seven states for review: Arizona, Georgia, Kentucky, Louisiana, Maine, Oregon, and South Dakota. We chose these states because they had different program performance records, are geographically dispersed, and are within six of FHWA's nine regions.

To examine the impact of the 1978 amendments, we also looked at sign control in Dallas, Texas; Portland, Oregon; and Southampton, New York--local jurisdictions whose sign-control programs were affected by the amendments.

To obtain states' views on the sign-control program and information on how they are implementing it, we conducted a questionnaire survey of all state transportation or highway agencies. We received responses from all 50 states. The results of this survey are included throughout this report. States' views on options for the future of the program are included in appendix III.

To obtain interested parties' views on the program and how it is being implemented, we interviewed officials from the American Association of State Highway and Transportation Officials, the American Automobile Association, Garden Clubs of America, National Coalition to Preserve Scenic Beauty, National Electric Sign Association, National League of Cities, Roadside Business Association, Sierra Club, Small Business On-Premise Sign Foundation, and Travel Information Centers, Inc. Officials from the Outdoor Advertising Association of America declined to be interviewed.

We did not evaluate the effectiveness of all state sign-control programs. We did, however, obtain information on the effectiveness of programs in the seven states mentioned.

We relied on data from FHWA's highway beautification program annual statistical progress reports for fiscal years 1979-1983 to determine the status of the outdoor advertising control activity because this was the only available comprehensive data. Although we did not examine in depth the reliability of these data, we are concerned about the reliability of some of these data and have noted these concerns where appropriate.

We previously reviewed the outdoor advertising control program. In March 1978, we reported² that

- progress had been achieved in controlling the erection of new signs and in removing illegal signs;
- progress in removing nonconforming signs had been slow; and
- if all illegal and nonconforming signs were removed, many signs would remain because of the exemptions granted under the act.

We concluded that the objectives of the act would not be accomplished in the near future and recommended that the Congress reassess the act.

The study on which we are now reporting was conducted from August 1983 to October 1984. At the Committee's request, we did not obtain agency comments on the report. We did, however, discuss the report's contents with officials from the Department of Transportation's Office of the Secretary and FHWA and the states we reviewed. Except as noted, we performed the review in accordance with generally accepted government auditing standards.

²Obstacles to Billboard Removal (CED-78-38, Mar. 24, 1978).

CHAPTER 2

STATUS OF OUTDOOR ADVERTISING CONTROL

It has been almost two decades since the Highway Beautification Act required states to control outdoor advertising. Thousands of illegal and nonconforming outdoor advertising signs have been removed based on the act's requirements, but many signs remain standing along the nation's interstate and primary highways. In recent years, the number of illegal and nonconforming signs being removed has been decreasing. On the basis of our review of seven states' programs, we found that sign removal has been hindered by the limited availability of federal funds, limited state resources, state sign-removal procedures which slow sign removal, and lack of support for the program. States appear to be giving higher priority to restricting the erection of new signs.

NATIONWIDE STATUS OF SIGN REMOVAL

Federal regulations (23 C.F.R. 750.705) require that states remove illegal and nonconforming signs along interstate and primary highways in order to effectively control outdoor advertising. According to FHWA data, most of the illegal and about half of the nonconforming signs have been removed, but about 172,000¹ of such signs remain standing. FHWA reported the following status of program activity as of September 30, 1983. These data represent the most recent comprehensive data available at the time of our review.

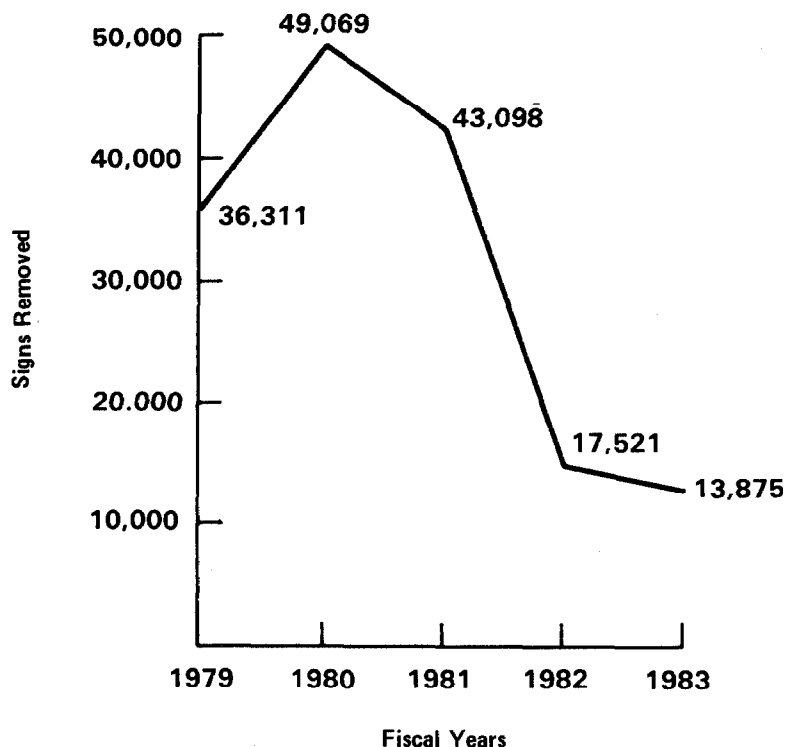
	<u>Total</u>	<u>Removed (percent)</u>		<u>Remaining (percent)</u>	
Nonconforming signs	238,079	114,252	(48.0)	123,827	(52.0)
Illegal signs	<u>520,197</u>	<u>472,445</u>	(90.8)	<u>47,752^a</u>	(9.2)
Total	<u>758,276</u>	<u>586,697</u>	(77.4)	<u>171,579</u>	(22.6)

^aWe are concerned about the reliability of the FHWA data on remaining illegal signs. These figures are based on data provided by the states. We found the data on remaining illegal signs to be unreliable for three of the seven states we reviewed. (See p. 14 for additional information.)

¹According to FHWA officials, this figure includes signs that are nonconforming based on the requirements of the Highway Beautification Act but not signs that are nonconforming under stricter local sign control laws or ordinances. According to FHWA, about 38,000 signs in this latter category became eligible for monetary compensation because of the 1978 amendment to the act's compensation requirement. (See discussion, p. 22.)

As the following chart shows, the number of signs being removed has decreased in recent years. The total number of signs removed in fiscal year 1983 was lower than in any year since 1979 and down about 72 percent from the number removed in 1980.

SIGN REMOVALS SINCE 1979



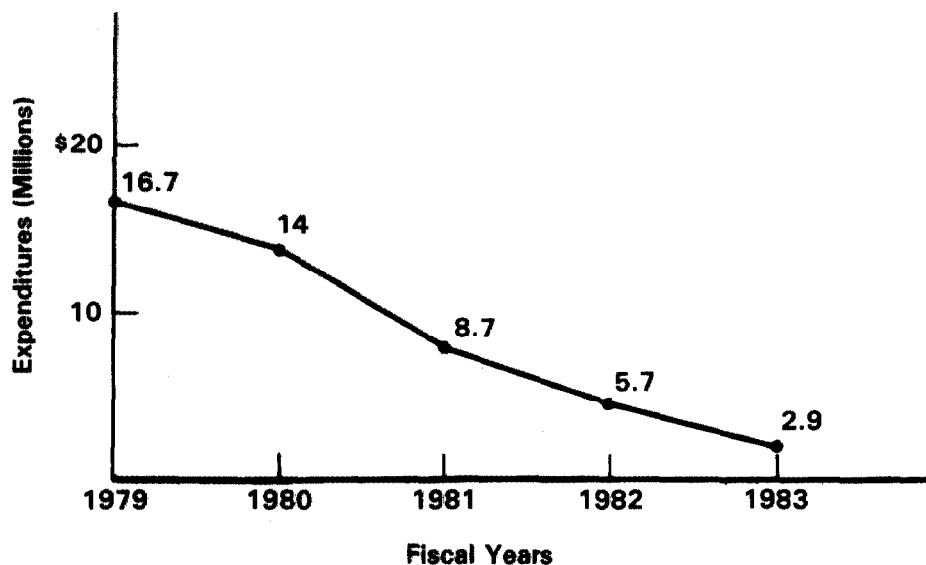
REMOVING NONCONFORMING SIGNS WILL REQUIRE ADDITIONAL FEDERAL FUNDING

Under the Highway Beautification Act, removing nonconforming signs requires the payment of just compensation to sign and site owners. States are not required to remove nonconforming signs unless federal funds are available to share in the cost of compensation. Based on FHWA estimates, less than 10 percent of the nearly 124,000 remaining nonconforming signs could be removed with the remaining \$15 million in unexpended federal funds. FHWA estimated that about \$427 million in federal funds--more than has been spent on the program to date--would be required to remove these signs.

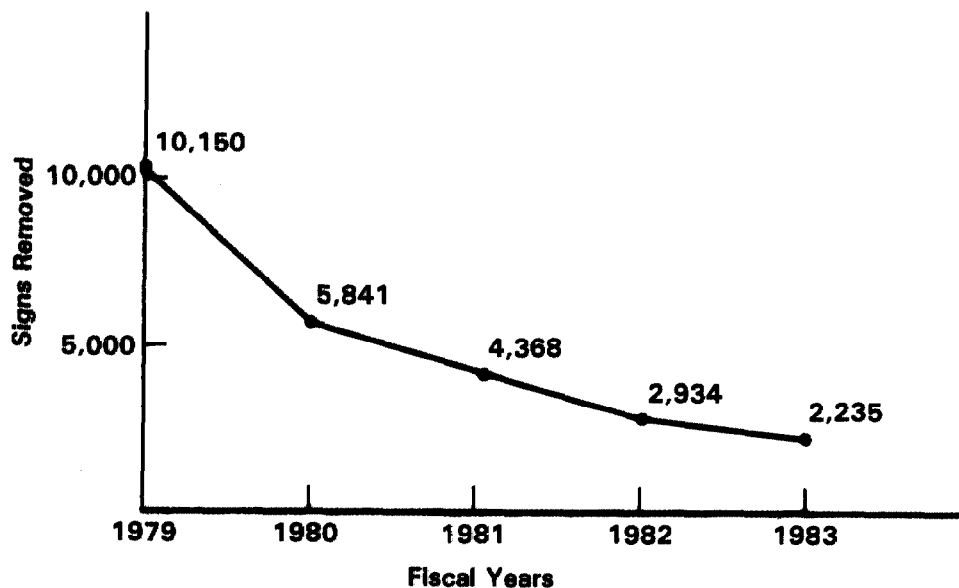
Most states indicated that the lack of federal funds had a negative impact on their sign-control programs. In response to our questionnaire survey, 29 states indicated that the lack of federal funds had a somewhat or very negative impact on their programs. Sixteen states reported that the lack of these funds had neither a positive nor a negative impact; 4 reported that it had a very positive impact; and 1 state did not respond to the question.

As the following charts show, nonconforming sign removals have decreased as federal program expenditures decreased. Nonconforming sign removals fell about 78 percent between 1979 and 1983. During the same period, federal program expenditures were down about 83 percent.

FEDERAL OUTDOOR ADVERTISING CONTROL EXPENDITURES

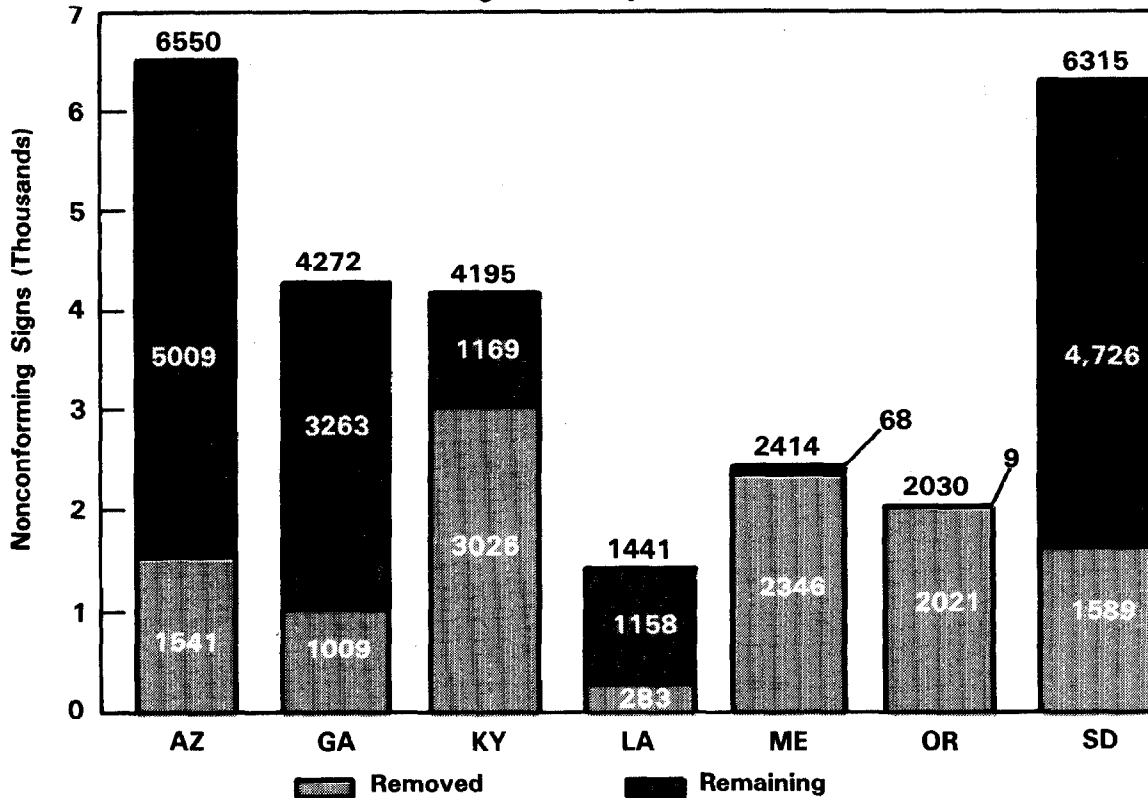


NONCONFORMING SIGN REMOVALS



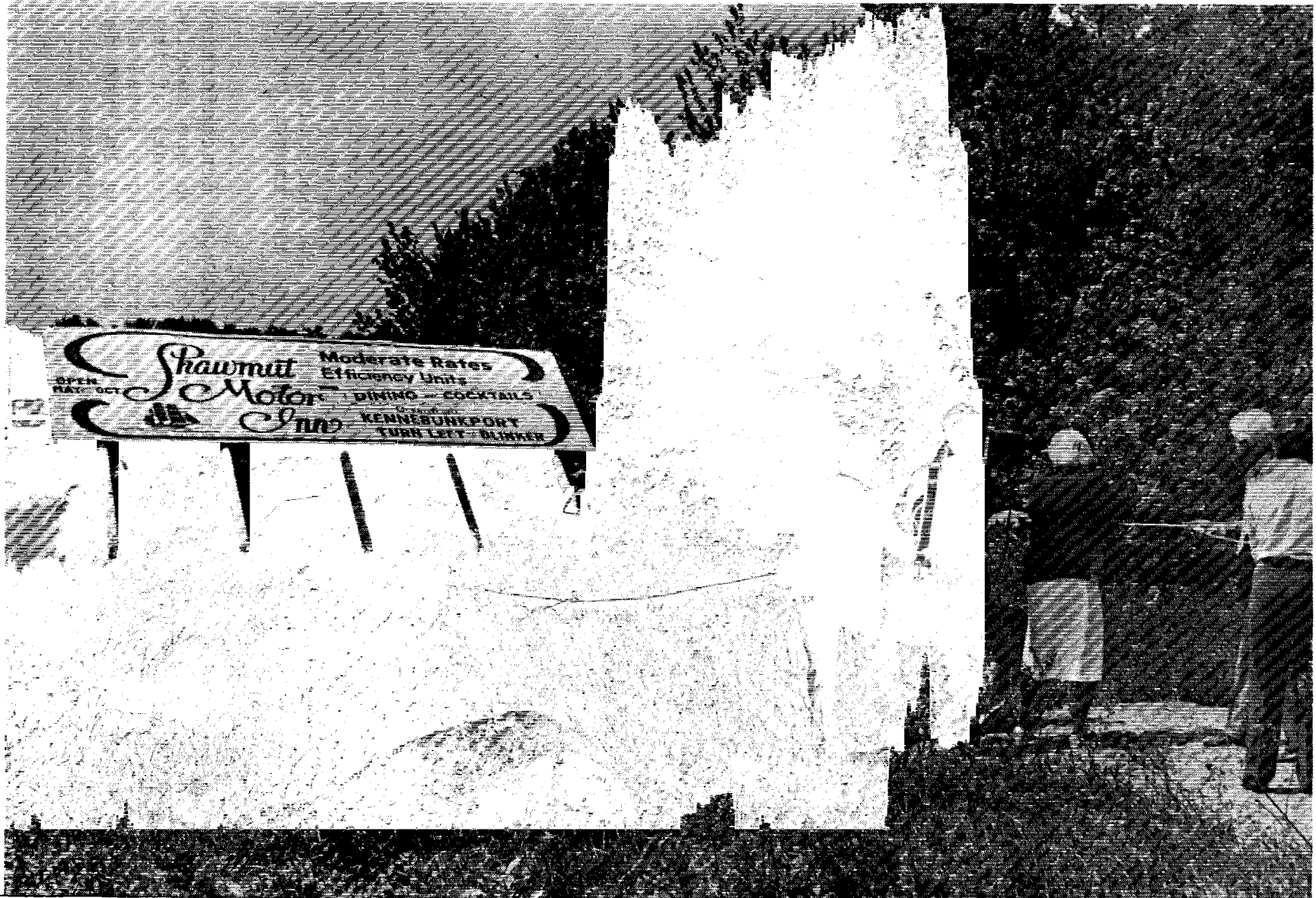
State progress in removing nonconforming signs has varied greatly. The following chart provides information on nonconforming signs removed and remaining in the seven states we reviewed.

Status of Nonconforming Signs Removed and Remaining as of September 30, 1983



In four of the seven states we reviewed--Arizona, Georgia, Louisiana, and South Dakota--about 75 percent or more of the states' nonconforming signs remained standing. Five of the seven states (including Kentucky) did not have enough federal funds available to remove the remaining signs. The other two states--Maine and Oregon--had removed almost all of their nonconforming signs. (Maine removed its last nonconforming sign on June 7, 1984--see photograph, p. 10.) The status of nonconforming sign removal in Georgia and Louisiana demonstrates the impact of reduced federal funding.

--Georgia may be unable to continue removing nonconforming signs because federal funds for compensation are running out. The state had removed 1,009 (23.6 percent) of its nonconforming signs; 3,263 nonconforming signs remained standing as of September 30, 1983, according to FHWA data. State officials estimated that only 150 additional nonconforming signs could be removed with the remaining \$975,776 in unexpended federal funds. This would leave more than 3,000 nonconforming signs remaining on Georgia's interstate



Officials removing the last nonconforming sign in Maine, June 7, 1984.

Source: Maine Department of Transportation.

and primary highways. State officials estimated that about \$18 million in federal funds would be required to remove all of Georgia's remaining nonconforming signs.

--According to a state official, Louisiana's nonconforming sign removal program was discontinued in fiscal year 1981 because the federal government did not allocate sufficient funds to continue the program. According to FHWA and state officials, the state has not paid compensation for the removal of any nonconforming signs since that year. As of September 30, 1983, Louisiana had removed 283 (19.6 per cent) of its nonconforming signs. A state official estimated that it would cost about \$1.1 million (including the federal share) to remove the more than 1,000 nonconforming signs that remained as of that date.

The administration has not requested program funding since 1982

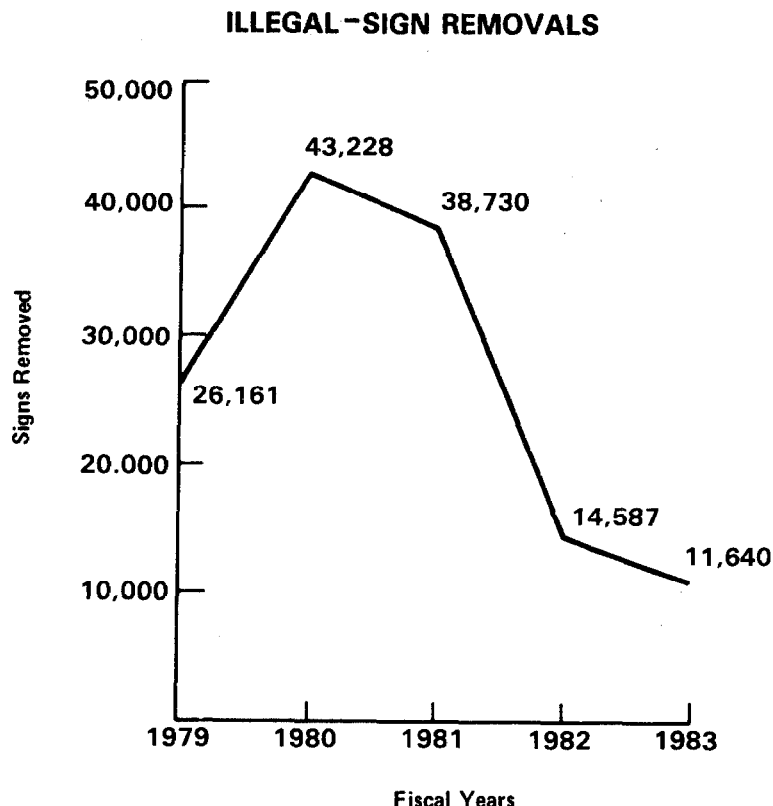
Since fiscal year 1982, the administration has not requested the federal funding which is necessary to remove nonconforming signs. According to an official from the Office of the Secretary, Department of Transportation, no funding was requested because the program was considered a low priority by the administration. Administration budget statements cited the increasing cost of paying compensation for the removal of nonconforming signs and possible program changes. In an October 5, 1983, letter, the Secretary of Transportation indicated that the Department was reviewing possible revisions to the outdoor advertising control program. As of October 1984, the Department was still considering program changes, according to officials from FHWA and the Office of the Secretary.

MANY ILLEGAL SIGNS REMAIN STANDING

Although federal regulations (23 C.F.R. 750.705(d)) require that illegal signs be removed expeditiously, it has been more than 18 years since the Highway Beautification Act was enacted and many illegal signs remain standing along interstate and primary highways. Removals of these signs have been decreasing in recent years. Unlike the decrease in the removal of nonconforming signs, the decrease in illegal sign removals is not attributable to reductions in federal funds because removing these signs does not require the payment of compensation. In our review of seven states' programs, we found that the removal of illegal signs has been hindered by limited state personnel, state sign-removal procedures which slow sign removals, and lack of support for the program. States will continue to be required to remove illegal signs, even if federal funds are not appropriated.²

²FHWA estimates that it would cost about \$1 million in federal funds--for reimbursable administrative costs--to remove the remaining illegal signs.

As the following chart shows, removals of illegal signs have decreased since 1980. The 11,640 signs removed in fiscal year 1983 represented about a 73-percent decrease from the 43,228 removed in fiscal year 1980. Fewer signs were removed in 1983 than in any of the last 5 years.



State progress in removing illegal signs has varied greatly. Our review of the programs in seven states showed that some states had removed all or almost all of their illegal signs but that thousands of such signs remain standing in other states. As of September 30, 1983, Maine had removed all of its illegal signs and only 23 remained standing in Oregon, according to FHWA data. In contrast, over 2,000 illegal signs remained standing in Georgia and over 3,000 were standing in Louisiana as of that date.³

³The data on remaining illegal signs for the other three states we reviewed--Arizona, Kentucky, and South Dakota--are unreliable. Arizona reported to FHWA that 4,831 of its illegal signs remained standing, but this figure is based on an inventory that classified signs improperly. Kentucky and South Dakota reported that 6,171 and 41 illegal signs remained, respectively. However, these data are understated because Kentucky and South Dakota did not include new illegal signs that have been erected or identified. (See discussion, p. 14.)

On the basis of our review of the seven states' programs, we concluded that state support for the outdoor advertising control, state sign-removal procedures, and the availability of state resources are all factors affecting state progress in removing illegal signs. For example, we believe that the removal of illegal signs in Maine was facilitated by the state's longstanding support for outdoor advertising control and efficient state sign-control procedures. On the other hand, illegal sign removals in Georgia have been hindered by limited state personnel and state sign-removal procedures which slow removals. The Kentucky program appears to have been hindered by that state's lack of support for outdoor advertising control between 1980 and 1983. We obtained the following information regarding illegal sign removals in these states.

--Maine has evidenced longstanding support for outdoor advertising control: it enacted a sign-control law 30 years ago, prior to the enactment of federal outdoor advertising control requirements and it participates in the voluntary federal bonus program previously discussed. According to FHWA data, the state has removed all of its 5,120 illegal signs.

Maine's sign-removal procedures seem to be efficient and effective. Current state law prohibits most off-premise signs on all roads in the state. Sign owners must remove illegal signs within 30 days of receiving notice from the state transportation agency. If the owner fails to comply, the state will remove the sign at the owner's expense without further notice or proceeding. According to state officials, this provision is rarely used because sign owners usually remove signs soon after they receive notice from the state.

--According to state officials, the removal of illegal signs in Georgia has been hindered by limited state personnel and state sign removal procedures which slow sign removals. The number of staff assigned to the outdoor advertising control program was reduced in response to state budget cuts, and sign removals are delayed until state personnel are available. Illegal signs cannot be removed without an administrative hearing, which can add 3 months to the removal process, according to state officials.

--The removal of illegal signs in Kentucky has been hindered by the state's lack of support for outdoor advertising control between 1980 and 1983. According to FHWA and Kentucky transportation officials, the state administration in these years did not support the program. As a result, in 1980 the state reduced personnel assigned to outdoor advertising control and decentralized program responsibilities.

The number of illegal signs removed in Kentucky significantly decreased between 1980 and 1983. While 3,786 illegal signs were removed between 1976 and 1979, only 613 were removed between 1980 and 1983--including only 21 which

were removed in 1983. A new state administration, which took office in December 1983, established new sign control priorities that include the removal of illegal signs. In August 1984, FHWA officials told us that Kentucky has accelerated its removal of illegal signs.

--According to state officials, removing illegal signs is a low priority in Louisiana. They said that title searches for illegal signs are not given a high degree of attention and that removal of these signs is delayed until state personnel have completed higher priority tasks. As of September 30, 1983, only 2,277 (41 percent) of the state's 5,598 illegal signs had been removed. In August 1984, FHWA officials said that they had persuaded Louisiana to make removing illegal signs a higher priority. They said that the state had developed a plan for removing the remaining illegal signs.

Remaining sign data from some states are unreliable

Since 1978 FHWA has prepared an annual statistical progress report on the highway beautification program. This report contains state-by-state and nationwide data on the status of the outdoor advertising control. Included are data that are necessary for monitoring the effectiveness of outdoor advertising controls, such as data on removed and remaining nonconforming and illegal signs. We relied on these FHWA data because they are the only available comprehensive figures on the status of outdoor advertising control. As previously mentioned, however, we are concerned about the reliability of FHWA data on remaining signs.

According to FHWA headquarters officials, the FHWA report is based on data provided by the states. While we did not examine in depth the reliability of these data, we found the data on remaining signs to be incomplete or inaccurate for three of the seven states we reviewed. For example, the data for Kentucky and South Dakota are understated and the data for Arizona are based on a faulty sign inventory, on the basis of our review of state records and discussions with FHWA and state officials. The data for Georgia, Louisiana, Maine, and Oregon appear to be more reliable. Georgia and Louisiana update their sign inventories regularly. Maine and Oregon reported to FHWA that they have removed all or almost all of their illegal signs, and this was supported by state records and our observations. Information on the Arizona, Kentucky, and South Dakota data problems follows.

--Data on remaining signs that Arizona reported to FHWA are inaccurate. The data are based on a 1970 inventory which, according to FHWA and state officials, did not properly classify signs. The FHWA Arizona division administrator said that many of the signs listed as illegal are actually legal or nonconforming. A state official estimates that the actual number of nonconforming signs remaining was about 850 rather than the 4,992 signs reported as of September 30, 1983, in the FHWA inventory. The official also

said that the state started to conduct a new inventory in the mid-1970s but the project was never completed due to limited state resources.

--The number of illegal signs remaining that Kentucky reported to FHWA is understated because it does not include illegal signs that have been erected since 1972, when Kentucky completed its last sign inventory. While the number of illegal signs remaining in the state is unknown, FHWA and Kentucky officials agreed that there has been an increase in new signs along Kentucky's highways since 1980.

--The data on remaining illegal signs in South Dakota are understated because they do not include newly identified illegal signs. The state reported to FHWA that 40 illegal signs were removed in fiscal year 1983 and that 41 illegal signs remained as of September 30, 1983. The state report indicated that there were no new illegal signs in 1983; state documents showed, however, that sign inspectors identified 118 new illegal signs during that year. The state's sign inventory manager was unable to explain the discrepancy.

CONTROLLING NEW SIGNS

In addition to removing existing nonconforming and illegal signs, federal regulations (23 C.F.R. 750.705(a)) require states to prohibit the erection of new signs, other than exempted signs. Restricting new signs seems to be a high priority with the states. Of the 50 states, all but two--Indiana and South Dakota--have permit systems for the control of new signs. In the seven states we visited, we did not find any instances where sign permits were issued for signs that are not allowed under the Highway Beautification Act. However, some illegal signs continue to be erected in violation of state laws.

In response to our questionnaire survey, 22 states indicated that restricting the erection of new signs was their first outdoor advertising control priority. Seventeen other states listed it as their second, third, or fourth priority after removing illegal signs, removing nonconforming signs, or controlling the size, lighting, and spacing of signs. Eleven states indicated that they did not establish program priorities.

Forty-five states provided the following information on new legal signs erected in fiscal year 1983.

<u>Type of new sign</u>	<u>Number</u>
Signs in zoned commercial and industrial areas	8,810
Signs in unzoned commercial and industrial areas	4,712
Landmark, directional, or official signs (including logos)	14,044
Other or not specified	<u>2,887</u>
Total	<u>30,453</u>

We reviewed new sign permits in Arizona, Georgia, Kentucky, Louisiana, and Oregon⁴ and found that new signs conformed to sign-control requirements. The signs were generally located in zoned or unzoned commercial and industrial areas. We did not find any instances where sign permits were issued for signs that are not allowed under the Highway Beautification Act.

While states are required to prohibit the erection of new nonexempt signs, new illegal signs continue to be erected in violation of state laws. For example, 109 illegal signs were erected in Georgia in fiscal year 1983. According to FHWA and state officials, most illegal signs in Georgia are small business directional signs and are usually erected on primary roads. The officials said that most of these signs are erected because of ignorance of the law; most small businesses are not aware of the state's permit requirements. Officials in Louisiana and Maine also said that most illegal signs in their states are small business or directional signs on noninterstate highways and were erected because their owners did not know about state restrictions. FHWA and Kentucky officials told us that there has been an increase in new illegal signs along Kentucky's highways since 1980 but that the exact number of new illegal signs is unknown because Kentucky has not updated its sign inventory since 1972.

⁴These five states had sign permit systems that provided information on new legal signs. South Dakota does not have a sign permit system, and while Maine has a permit system for official directional signs, the state does not allow most off-premise signs.

CHAPTER 3

FEDERAL OVERSIGHT AND STATE PROGRAM PROBLEMS

Although removing illegal signs and restricting new ones do not depend on the availability of federal funds, FHWA decreased its oversight of state outdoor advertising control programs when federal program funds decreased. As one FHWA regional administrator suggested, FHWA's deemphasis of the program may have contributed to relaxed state enforcement of federal outdoor advertising control requirements.

A 1983 FHWA field office review of state programs identified or restated problems with the state programs and suggested that some states were not effectively controlling outdoor advertising. For example, the review indicated that Arizona, Kentucky, and Louisiana were not removing illegal signs expeditiously, as federal regulations require. While the Secretary of Transportation has not penalized any state for a program infraction since 1977, FHWA has worked with some states in an effort to resolve problems with their programs.

FHWA OVERSIGHT DECREASED BETWEEN 1981 AND 1983

Prior to 1981, FHWA conducted regular headquarters reviews of state outdoor advertising control programs, according to FHWA headquarters officials. Between 1981 and 1983--when federal funding for outdoor advertising control was decreasing--FHWA deemphasized the highway beautification program, including outdoor advertising control. FHWA headquarters staff assigned to the program were reduced from nine to two, regular headquarters reviews of state programs were eliminated, and field reviews were discouraged. The agency adopted a more reactive oversight approach, leaving program administration to the states unless problems surfaced.

The following statement was delivered in 1981 by the FHWA associate administrator responsible for outdoor advertising control¹ at a meeting of the American Association of State Highway and Transportation Officials. It indicates that FHWA's oversight of state programs would be minimal.

"As to the Beauty program--its future is at a standstill. The Washington Office is not making any reviews of the Regions' or Divisions' Beautification program operations. I would suggest that the Regions not make any reviews of the Division's Beauty program. I would suggest that the Division Right-of-Way Offices, until some other guidance is issued to you, not make specific reviews of the States' Beauty programs. If the Divisions get complaints, look into them and forward them to the Region and to the Washington Office for proper

¹Associate administrator for right-of-way and environment.

action. You cannot tell State highway agencies, or infer to them, not to enforce this Act, but until some direction is given to you, limit your overview. Other areas of right-of-way should receive your first attention."

This deemphasis of the program by FHWA may have contributed to relaxed state enforcement of outdoor advertising control requirements. In 1983--2 years after FHWA oversight had been decreased--the FHWA associate administrator directed an FHWA field office review of state programs because a growing number of problems had been surfacing in state programs. The review concluded that there was wide disparity in state attitudes toward and implementation of outdoor advertising control. Field office reports identified or restated state program problems and suggested that some states were not effectively controlling outdoor advertising. In his report on the 1983 review, one FHWA regional administrator linked state program problems to the decrease in federal oversight. His report stated:

"It is our observation states have relaxed enforcement in the control aspect, especially at the administrative and management levels. States feel the program has been deemphasized by the Federal Government and it is no longer an active entity of the federal-aid highway program. This is evidenced by the expression of one state official who stated that FHWA would not impose any penalties for nonenforcement as long as they (the states) provided 'lip service.' Other states have expressed a feeling that, even if they were to pursue a strict policy in sign acquisition and control, FHWA would provide little support against a strong industry. Sign control inspectors have reported large companies erecting signs in known nonconforming and illegal locations with the thought that the beauty program was dead."

SOME STATES MAY NOT BE EFFECTIVELY CONTROLLING OUTDOOR ADVERTISING

On the basis of the previously discussed federal requirements and FHWA's 1983 review findings, we determined that some states may not be effectively controlling outdoor advertising. The FHWA review identified program deficiencies in four of the seven states we reviewed. Among other problems, information in review reports from FHWA's field offices indicate that Arizona, Kentucky, and Louisiana were not removing illegal signs expeditiously and South Dakota had unresolved zoning problems. FHWA reports on the other three states we reviewed indicate that these states had effective outdoor advertising control programs: Maine and Oregon had removed all or almost all of their nonconforming and illegal signs, and Georgia's program was significantly improved and effective. Information follows on the problems in Arizona, Kentucky, Louisiana, and South Dakota and on FHWA's efforts to resolve those problems.

Arizona

According to FHWA's 1983 program review, problems with Arizona's outdoor advertising control program included an inaccurate and incomplete sign inventory, inadequate regulations, and slowness in removing illegal signs. FHWA's previous reviews of the state's program--in 1975, 1978, 1979, and 1980--had cited problems with the state's sign inventory and sign-control regulations. On the basis of these problems, the FHWA Arizona division administrator said in his 1983 report that "there would appear to be grounds for warning the state that a penalty may be considered unless some progress is made." He added, however, that he was reluctant to recommend penalty action without a firm indication from FHWA headquarters that this was the proper approach because of the lack of federal appropriations for the program and the program's uncertain future.

FHWA recently wrote to Arizona in an effort to resolve some of the state's program problems. In an August 30, 1984, letter to the Arizona Department of Transportation, the FHWA Arizona division administrator reminded the state that it must continue to control signs and remove illegal signs in order to avoid the imposition of the 10-percent highway funding penalty. The letter also encouraged the state to improve its sign inventory.

Kentucky

As previously discussed, the number of illegal sign removals decreased in Kentucky between 1980 and 1983. According to FHWA's 1983 review, Kentucky was not removing illegal signs expeditiously, and many new illegal signs were being erected along the state's interstate highways. The state's removal of nonconforming signs was decreasing even though federal funds were available for compensation. However, according to FHWA officials, a new state administration appears to be interested in controlling outdoor advertising. They said that since the new administration has taken office, sign-removal activity has increased.

Louisiana

Louisiana has not been removing illegal signs expeditiously according to the 1983 FHWA review. About 3,300 (or 59 percent) of the state's illegal signs remained standing as of September 30, 1983. The FHWA Louisiana division reported: "It appears that the rate of removal of illegals is about equal to the number of new ones being erected." FHWA officials told us that FHWA has never penalized or threatened to penalize Louisiana for not having effective outdoor advertising controls. However, as previously discussed, FHWA has persuaded the state to develop a plan for removing illegal signs, and FHWA officials said that they will continue to monitor the state to ensure that the plan is implemented.

South Dakota

South Dakota was penalized about \$3.4 million in 1973 and about \$9.7 million in 1977 for not having effective outdoor advertising controls. According to the FHWA program coordinator, the state allowed strips of land along interstate and primary highways to be rezoned as commercial and industrial areas. FHWA would not recognize this zoning for outdoor advertising control because it believed that the zoning was designed to permit outdoor advertising and to circumvent the requirements of the Highway Beautification Act.

All but about \$2.5 million of the above penalty amounts was restored on the basis of a 1973 federal/state agreement and a 1979 order by the Secretary of Transportation which stipulated that the state would enact complying legislation and remove certain signs at 100-percent state expense. However, in his report on the 1983 review, the FHWA Region 8 Director, Office of Right-of-Way, said that questionable strip zoning was still a problem in South Dakota and signs which should have been removed based on the 1973 and 1979 penalty agreement were still standing. He also said:

"We agree with the Division's observation that the [South Dakota's] highway beautification program has been a minimum control program and has, perhaps, deteriorated further since the FHWA-[South Dakota] legal action in 1979. In fact, if a field review was to be made today it is likely the State would again be found out of compliance with Federal and State law. State outdoor advertising efforts have historically been directly proportionate to the degree of Federal pressure exerted, and there is no reason to believe . . . that this scenario will not continue."

As of August 1984, FHWA officials were working with South Dakota officials in an attempt to resolve problems with the state's sign control program.

USE OF THE FUNDING PENALTY

While problems with some states' programs continue and states report that the program's highway funding penalty encouraged outdoor advertising control, FHWA has been reluctant to use this enforcement tool in recent years. In response to our questionnaire survey, 47 states indicated that the penalty was a very great, substantial, or moderate incentive in the development of their sign-control programs. The remaining three states said that the penalty was little or no incentive. As shown on the next page, between 1973 and 1977 about \$73 million was withheld from five different states because they did not have effective outdoor advertising controls. All but about \$2.5 million was restored when the states agreed to take corrective action. Although states have been warned about the funding penalty, since 1977 no state has been penalized for not complying with federal outdoor advertising control requirements.

Outdoor Advertising Control Penalties^a

<u>State</u>	<u>Year</u>	<u>Federal-aid highway funds withheld but later restored</u>	<u>Withheld permanently</u>
Alabama	1977	\$12,390,285	-
New York	1977	34,361,957	-
Oklahoma	1977	6,094,014	-
South Dakota	1973	3,361,546	-
	1977	7,222,381	\$2,505,103
Vermont	1973	<u>7,318,063</u>	<u>-</u>
Total		<u>\$70,748,246</u>	<u>\$2,505,103</u>

^aSee app. IV for additional information on these penalties.

When we asked FHWA headquarters officials why the funding penalty had not been used since 1977, they told us that the penalty is a difficult tool to use because it is too severe and inflexible. In June 1983, FHWA submitted proposed program changes to the Office of the Secretary which calls for replacing the 10-percent funding penalty with a more flexible enforcement provision. As of October 1984, the Office of the Secretary was still considering these changes. The proposed program changes also include limiting outdoor advertising control to rural interstate routes, eliminating the mandatory compensation requirement for the removal of nonconforming signs, and removing such signs within 5 years with discretionary federal highway funds.

CHAPTER 4

VIEWS ON THE EFFECTS OF THE 1978 AMENDMENT

The 1978 amendment to the Highway Beautification Act's compensation provision increased the cost of outdoor advertising control by increasing the number of signs that cannot be removed without compensation. The amendment requires that monetary compensation be paid in all cases in which nonconforming signs are removed, whether they are removed because of the Beautification Act's requirements or because of local requirements. States are subject to a highway funding penalty if they remove nonconforming signs without providing monetary compensation.

FHWA estimates that about 38,000 additional signs that do not conform to local laws or ordinances became subject to the act's compensation requirement because of the amendment. FHWA also estimates that removing these 38,000 signs would cost the federal government \$334 million, in addition to the previously discussed \$427 million that would be required to remove the 124,000 signs that are nonconforming because of the federal act's sign-control requirements. According to FHWA, had the 1978 amendment not been enacted, the 38,000 signs could have been removed under local laws or ordinances without the cost of compensation.

States varied in their views on the amendment and its effect on their sign-control programs. In addition, other affected groups and organizations expressed varying opinions on the amendment.

THE AMENDMENT'S EFFECT ON STATES AND LOCALITIES

While most states indicated that their state sign-removal programs were not affected by the 1978 amendment, they generally favored repealing the amendment. Of the 49 states that responded to our question on the effects of the amendment, 32 said that the amendment had no effect on their state's sign-removal programs and 17 said that the amendment hindered their programs. Nine of the 17 affected states said that the amendment hindered their programs because it precluded them from removing signs by amortization, without paying monetary compensation. On the other hand, when we asked the states whether they favored repealing the amendment, 27 indicated that they greatly or somewhat favored repeal; 10 states were somewhat or greatly opposed to repeal; and 13 states neither favored nor opposed repeal of the 1978 amendment.

We visited three localities--Dallas, Texas; Portland, Oregon; and Southampton, New York--that believed the 1978 amendment has hindered sign removal. Before the 1978 amendment was enacted, these localities had established sign controls through local zoning laws or ordinances that provided for the removal of nonconforming signs after amortization periods ranging from 3 to 10 years. At the time of our review, these periods had expired. The signs in Dallas and Portland remained standing--in part because of the 1978 amendment, according to local officials. After prolonged

and expensive legal proceedings, Southampton had the signs removed without providing monetary compensation even though FHWA had warned the state of New York that removing the signs without paying monetary compensation could subject the state to a highway funding penalty. Information on how the 1978 amendment affected Dallas', Portland's, and Southampton's sign-control programs follows.

Dallas

According to Dallas officials, the 1978 amendment and the lack of compensation funds have prevented Dallas from removing about 1,200 signs that could have been removed by May 1983 under the city's local sign ordinance (see photographs, p. 24). An April 1973 Dallas ordinance provided a 10-year period during which these 1,200 legally erected but nonconforming signs would have to be made conforming or be removed. These signs are still standing because under the 1978 amendment removing them would require the payment of monetary compensation and funds are not available for this purpose, according to city officials. These officials estimate that it would cost about \$8 million (including the federal share) to pay for these 1,200 signs.

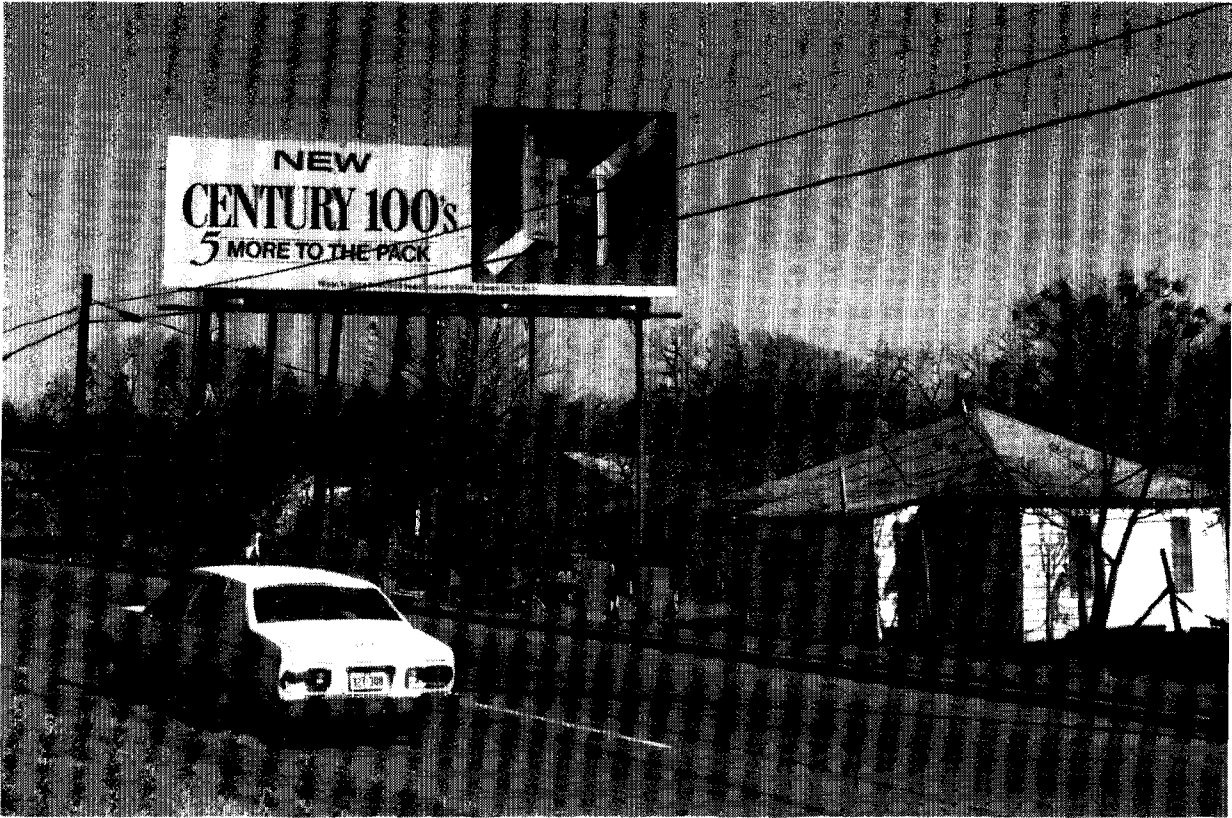
Portland

According to city officials, the 1978 amendment has hindered sign removal in Portland by requiring the payment of monetary compensation at a time when federal compensation funds are not available. A 1959 city ordinance required that nonconforming signs be removed without monetary compensation after a 10-year amortization period. In 1976, an outdoor advertising company challenged the constitutionality of this ordinance, claiming, among other things, that the ordinance did not provide for compensation to sign owners. In 1977, the U.S. District Court for the District of Oregon ruled that the amortization period could be considered just compensation. In 1979, however, after the Highway Beautification Act's compensation provision was amended, the district Court reversed its decision and ruled that Portland must pay monetary compensation to sign owners when removing nonconforming signs.

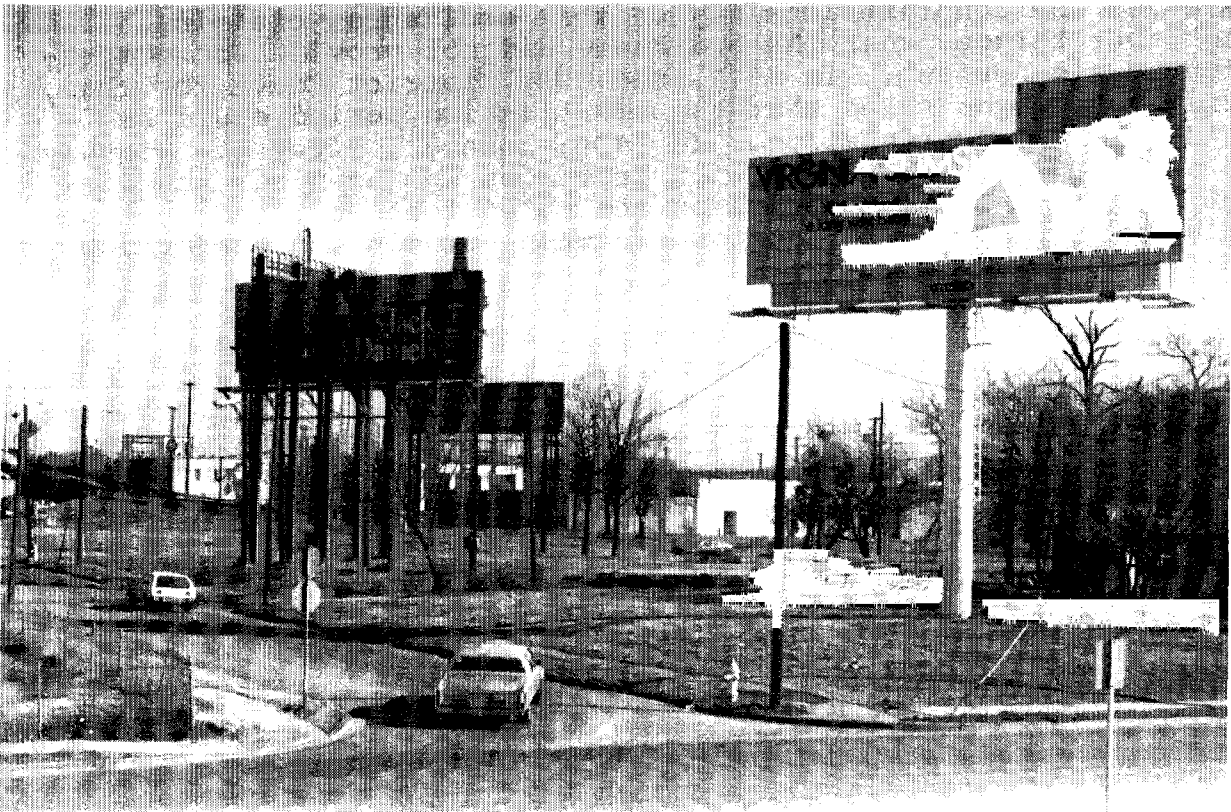
One hundred and thirty-five signs that would have been removed by amortization have been left standing in Portland. A city official told us that it would cost about \$500,000 (including the federal share) to remove the remaining signs. However, federal highway beautification funds were not available to pay the 75-percent federal share of compensation costs. City officials stated that the city could provide the remaining 25 percent if federal funds were available.

Southampton

While Dallas' and Portland's nonconforming signs remain standing, Southampton had its nonconforming signs removed without providing monetary compensation under its local ordinance, which bans all off-premise signs. Although the 3-year amortization



Dallas signs that were not removed after the 1978 amendment.



period provided by local ordinance expired in 1975, Southampton's 25 nonconforming signs were not removed until March 1984. The 1978 amendment hindered the removal of Southampton's signs, according to town officials.

Legal challenges brought by sign companies based on constitutional issues delayed removal of the signs until 1978. After the passage of the 1978 amendment, local sign companies again challenged Southampton's ordinance, opposing the town's right to remove by amortization signs located on federal-aid primary routes.

In October 1983, the New York Court of Appeals ruled on the Southampton case:

"Notwithstanding the amendments of the federal Highway Beautification Act of 1965 . . . compensation need not be paid by a municipality which requires removal of outdoor advertising signs, provided a reasonable amortization period is allowed by the removal ordinance."

Final judicial approval to remove the signs came on March 2, 1984. The next day, after 9 years of litigation and legal costs of about \$100,000, Southampton had the signs removed.

Federal/state/local conflict
over sign removal

As Southampton's ordinance progressed through the New York courts, FHWA twice informed the New York State Department of Transportation (NYSDOT) that the state would be penalized if Southampton's signs were removed without compensation. FHWA's warning put the state in conflict with New York's zoning and police authorities, according to state officials. In a letter to FHWA, NYSDOT's commissioner said that the penalty should not be levied against the state because

--home rule rights are protected by the Constitution and New York statutes and

--New York's highway beautification law, approved by FHWA, does not prohibit localities from passing more restrictive ordinances.

NYSDOT's commissioner also said that the state should not be penalized by FHWA for the actions of a locality exercising home rule rights, particularly when federal funds have not been available for paying monetary compensation for nonconforming signs.

Faced with the loss of up to \$70 million in highway funds, NYSDOT opposed the removal of Southampton's signs by amortization. At NYSDOT's request, the New York State attorney general joined the sign companies in their court challenge against Southampton's ordinance. NYSDOT also attempted to amend New York's law

to prohibit removal of signs on federal-aid routes unless compensation is paid by the locality. Both of these attempts failed.

Although Southampton removed its signs without paying monetary compensation, as of August 1984, FHWA had not penalized New York. FHWA provided New York with federal compensation funds for the Southampton signs, and NYSDOT has offered to pay the local sign companies \$75,000 for the signs removed by Southampton. FHWA believes that with this offer New York remains in compliance with the 1978 amendment. However, federal compensation funds are no longer available, according to FHWA officials, and other New York localities are planning to remove signs by amortization.

VIEWS OF OTHER AFFECTED GROUPS AND ORGANIZATIONS

Officials from the Garden Clubs of America, National Coalition to Preserve Scenic Beauty, National League of Cities, Sierra Club, and Travel Information Centers, Inc., favored repealing the 1978 amendment. The American Automobile Association was generally opposed to providing monetary compensation for sign removal. An official representing the Sierra Club said that the organization favors repeal because amortization is a legal and fair form of compensation. He said that the amendment has burdened states with restrictions at a time when no federal funds are being appropriated and signs have been left standing as a result of this situation. A National League of Cities official said that the 1978 amendment has restricted the use of local power and created a tremendous financial burden for localities.

Officials from the National Electric Sign Association and Roadside Business Association favored retaining the amendment. Roadside Business Association officials said that the 1978 amendment was passed to clarify the intent of the Congress. They said that the amendment closed a loophole in the original act, which allowed nonconforming signs to be removed without compensation by claiming that the removal was not related to the Highway Beautification Act.

The U.S. Department of Transportation opposed the enactment of the 1978 amendment at the time it was being considered by the Congress. In an August 17, 1978, letter which was included in the Congressional Record, the Secretary of Transportation said that the amendment "would produce a profound change in the direction of the Highway Beautification Program and would undermine efforts to control scenic blight along our highways." He said that the change "would represent an unprecedented intrusion by the federal government into the prerogatives of localities to control land uses within their jurisdiction" and "local authorities would be inclined to leave signs up rather than pay compensation and therefore undermine their own zoning laws." He further said that where monetary compensation was not paid for sign removal, states could become subject to the federal highway funding penalty--even though some states do not have the authority to bind local jurisdictions. An official from the Office of the Secretary told us

that the Department's views on the 1978 amendment have not changed since the 1978 letter.

CHAPTER 5

STATE OUTDOOR ADVERTISING CONTROL POLICIES, PROCEDURES, AND PRACTICES

Since each state develops its own outdoor advertising control program, the administrative policies, procedures, and practices vary from state to state. For example, the states establish priorities for removing signs, procedures for valuating signs, and policies for sign maintenance and rebuilding. This chapter provides information requested by the Chairman on state outdoor advertising control policies, procedures, and practices in these and other areas. We have also included information on states' alternative programs for providing motorists with information because having these programs may make it easier to control outdoor advertising.

SIGN-REMOVAL PRIORITIES AND APPROACHES

Federal regulations (23 C.F.R. 750.304(a)) recommend the following order of priority for removing signs:

1. Illegal and abandoned signs
2. Hardship situations
3. Nominal value signs
4. Signs in scenic areas
5. Product advertising on:
 - a. Rural interstate highways
 - b. Rural primary highways
 - c. Urban highways
6. Non-tourist-oriented directional advertising
7. Tourist-oriented directional advertising

In response to our survey questionnaire, 24 states indicated that they followed this order of priority. Twenty-five states reported that they removed signs based on other priorities. One state did not respond to this question. Of the 25 states using other priorities or approaches, 5 said that priority for sign removal was given to signs that were volunteered by the owners for removal and 6 said that removal was based on the availability of funds.

Sign removal priorities varied in the seven states we examined. Arizona, Georgia, and South Dakota made destroyed or abandoned signs or signs volunteered by their owners a high priority for removal. Georgia (since 1979), Kentucky, and Oregon have made removing signs on interstate highways a high priority. Louisiana followed the first four priorities in the regulations and then concentrated on geographic sections of the state. Maine removed its signs on a geographic basis.

SIGN VALUATION

Federal regulations (23 C.F.R. 750.304(c)) require that states develop sign valuation procedures for the purpose of

providing just compensation to sign and site owners. State procedures may include the use of standard schedules or formulas. The seven states we reviewed used valuation schedules or formulas. Factors considered in the valuation process included sign type and size, materials, lighting and depreciation. Appendix V, from Louisiana, is a sample of a sign valuation schedule.

FHWA assisted states with the development of sign valuation procedures and, according to the FHWA official responsible for oversight of state programs, FHWA has reviewed and approved all states' procedures, including revisions to valuation schedules or formulas. He explained that, as with other federal highway programs, the review and approval of property valuation or appraisal procedures were delegated to FHWA's field offices, where officials are more knowledgeable about local values. For example, he said that the North Dakota division office recently approved that state's revised valuation schedules which were based on an independent local audit of sign-building costs.

SIGN MAINTENANCE AND UPGRADING

According to federal regulations (23 C.F.R. 750.707(d)), a nonconforming sign must remain substantially as it was on the effective date of the state sign-control law or regulations if it is to be eligible for compensation upon removal. If a sign is substantially altered, it should be classified as an illegal sign and therefore not eligible for compensation. However, federal regulations do not prohibit reasonable repair and maintenance of nonconforming signs. Each state is required to develop its own criteria for determining when customary maintenance ceases and a substantial change has been made that would terminate the right to compensation. According to the FHWA headquarters official responsible for state program oversight, the regulations do not prohibit nonconforming sign maintenance that results in increasing sign value for compensation.

State policies on sign maintenance and upgrading vary. Some states prohibit rebuilding and substantial changes. Others permit rebuilding and changes that can increase sign value and therefore compensation costs. The 50 states responded to our questionnaire survey as follows:

<u>Question</u>	<u>State responses</u>	
	<u>Yes</u>	<u>No</u>
Value of nonconforming signs can be increased by maintenance	19	31
Nonconforming signs can be replaced with signs of greater value	1	49

Examples of state approaches from the states we reviewed include the following.

--Arizona allows nonconforming sign maintenance that can increase the value of nonconforming signs and therefore the cost of compensation. State regulations permit normal maintenance on nonconforming signs. Normal maintenance is defined by the state as ". . . that which is customary to keep a sign in ordinary repair, upkeep or refurbishing." Maintenance costs are not to exceed 50 percent of a sign's appraised value. According to the FHWA Arizona division official responsible for overseeing the state's program, the state's definition of normal maintenance could allow for an increase in nonconforming sign values as a result of maintenance activities. He said that over a 2-year period a sign could be completely rebuilt under the state's definition. A reconstructed nonconforming sign, however, must not be (1) larger than the original sign, (2) replaced with a completely different sign, or (3) relocated or have lighting added.

--Georgia's sign-control regulations prohibit sign owners from making any changes to a nonconforming sign that would increase the sign's value. Extensions, enlargements, replacements, rebuilding, adding lights to an unilluminated sign, or re-erection of a nonconforming sign are considered changes in the existing use and are prohibited.

Georgia's control regulations outline specific maintenance guidelines for nonconforming signs. Maintenance is limited to

- replacement of nuts and bolts;
- additional nailing, riveting, or welding;
- cleaning and painting;
- manipulation to level or plumb the device but not to the extent of adding guys or struts for stabilization of the sign or structure; and
- change of advertising message as long as similar materials are used.

Violation of Georgia's maintenance restrictions renders the nonconforming sign illegal and the state may remove it without compensation.

--South Dakota allows nonconforming sign maintenance that can increase the value of nonconforming signs. According to state regulations, annual sign maintenance expenditures may not exceed 50 percent of a sign's depreciated value. A state sign inspector said that the state interpreted the 50-percent criterion liberally. He said that although a sign must conform to its original configuration, state regulations do not prohibit sign owners from replacing wood posts with steel supports or installing new panels and lights. The state's construction/maintenance engineer

believed that some owners of nonconforming signs increased the value of their signs through maintenance work and thereby possibly increased the compensation cost.

PAID-FOR SIGNS CAN REMAIN STANDING

Signs that have been acquired by a state can become eligible for federal compensation funds before they are removed. Based on our review of state records, we found that in two of the seven states some signs remained standing after they were paid for. Federal regulations (23 C.F.R. 750.306(a)(6)) require that in order for a nonconforming sign to be eligible for federal participation (in compensation), state files must include evidence that the right, title, or interest pertaining to a sign has passed to the state or that the sign has been removed.

Louisiana has received federal reimbursement for sign acquisitions when title to the sign passed to the state. As a result, the state has received federal funds for signs that remained standing after they were acquired by the state. We reviewed Louisiana state records for 14 sign acquisitions in one state district and found that 3 of the signs were still standing more than 2 years after they were acquired. The state paid \$12,554 for these three signs; the federal share of the amount was \$9,416. The state official responsible for sign acquisitions could not explain why these signs had not been removed.

Similarly, Maine received federal reimbursement for 45 signs that remained standing about 2 years after the signs were paid for. In December 1981, the state entered into an agreement with a sign company for the removal of 239 nonconforming signs. The company was paid \$528,810 in compensation and the state received the \$396,608 federal share of the compensation amount shortly after the agreement was reached, according to an FHWA Maine division official. Under the agreement, the sign company was allowed to retain possession of the 45 signs until October 1983. Maine began removing these signs in December 1983. FHWA division officials said that the federal share of the compensation was paid prematurely, but headquarters officials said that the signs did not have to be removed before the federal share of compensation was paid.

VEGETATION AND TREE CONTROL AND CLEARANCE

The Highway Beautification Act does not refer to the control or clearance of trees or vegetation near outdoor advertising signs. However, in response to the Chairman's request, we obtained information on federal and state policies, procedures, and practices for controlling or clearing vegetation near signs along federal-aid highways.

According to FHWA memorandums, vegetation clearance along federal-aid highways is part of the states' highway maintenance responsibilities. States are not prohibited from entering into agreements with outdoor advertising companies for the maintenance of the right-of-way in front of signs if this is consistent with

state maintenance policies, good landscaping practice, and American Association of State Highway and Transportation Officials' maintenance guidance. In response to our questionnaire survey, most states indicated that they do not allow sign owners to control vegetation or cut trees near signs along interstate or primary highways. The states responded to our questionnaire survey as follows.

	<u>Interstate</u>		<u>Primary</u>	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Sign owners allowed to cut trees	15	35	17	33
Sign owners allowed to control vegetation	12	38	14	36

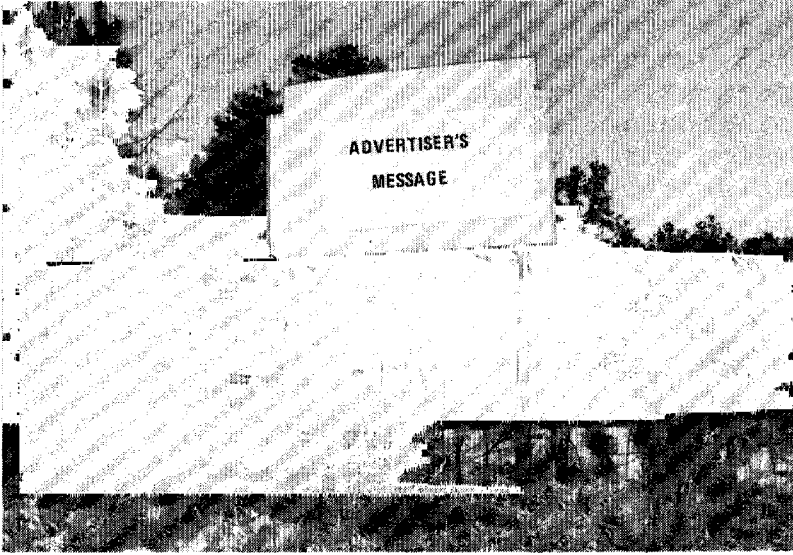
Twenty-four states reported that 253 instances of illegal vegetation or tree cutting occurred in their states during fiscal year 1983. Georgia is an example of a state that does not allow sign owners to control or cut vegetation or trees on the right-of-way and the state has had a continuing problem with illegal vegetation or tree cutting near signs. Louisiana is an example of a state that allows sign owners to cut right-of-way vegetation and trees. Information on vegetation or tree cutting in these two states follows.

Vegetation and tree cutting restrictions and illegal tree cutting in Georgia

Georgia does not allow the cutting of vegetation or trees on the highway right-of-way to enhance outdoor advertising sign visibility. Under state sign-control regulations, the state can revoke a sign permit or refuse to issue a permit if right-of-way vegetation or trees are destroyed, damaged, converted, or altered on behalf of outdoor advertising interests. According to said officials, if a sign permit is revoked, the sign may be declared illegal and removed without compensation. They said that sign owners generally do not erect signs in locations where visibility is a problem.

Georgia's prohibition on vegetation or tree cutting has resulted in the illegal cutting of vegetation and trees that obscure outdoor advertising signs. (See photographs, p. 33.) The state reported about 50 instances of illegal vegetation or tree cutting near signs during fiscal year 1983.

According to state officials, the major problem associated with illegal tree cutting is the time and cost involved in documenting and attempting to catch tree cutters in action and the legal costs incurred in prosecuting the sign owners. State officials told us that the state has been unsuccessful in past attempts to prosecute illegal tree cutters. The officials stated that in order to avoid excessive litigation and expense, every effort is made to settle the cases administratively or reach some form of consent agreement.



Tree-cutting site in Georgia.



Various methods are used to destroy trees and conceal the destruction. For example, in Georgia's Peach and Bibb counties, about 500 trees were poisoned at three sign sites on interstate routes 475 and 75. The total damage was estimated at over \$100,000. In a consent agreement, the sign company agreed to remove five nonconforming billboards from primary highways, remove the face of one conforming sign for a period of 12 months, remove one conforming sign, replant destroyed trees, and landscape the damaged area. In another case, a sign owner illegally cut trees in front of 13 signs in four counties (Cook, Dooley, Tift, and Turner) along interstate 75. In an administrative settlement, the sign owner agreed to pay the state \$13,000 for damages and remove eight nonconforming signs from the interstate system. In one case in Cobb County, the tree stumps of illegally cut trees were painted in an attempt to conceal the tree destruction. At the time of our review, this case had not been resolved.

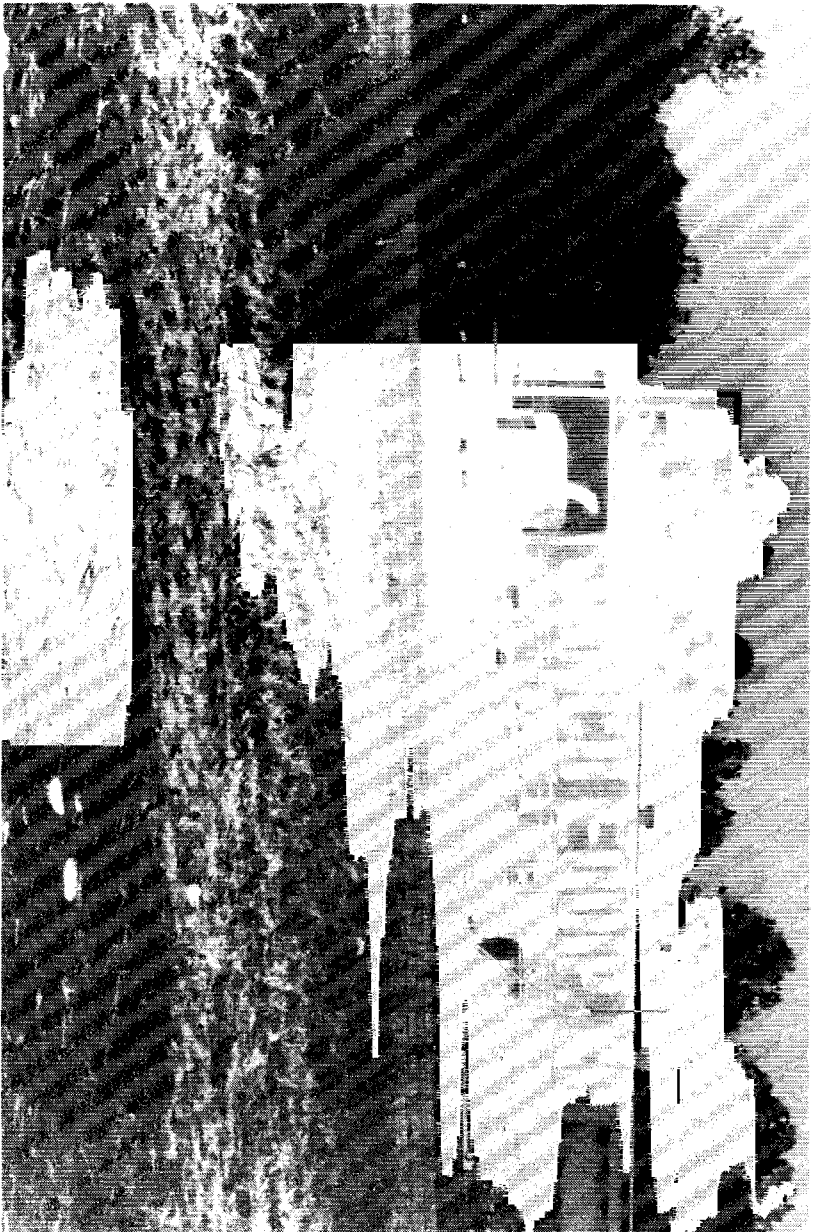
Vegetation and tree clearance allowed in Louisiana

Louisiana allows sign owners to remove highway right-of-way vegetation or trees in front of outdoor advertising signs, including trees planted by the state. On the basis of our review of state permit records and our observations at sign sites where vegetation and tree cutting was permitted, we estimate that thousands of trees have been destroyed in Louisiana so that outdoor advertising signs can be viewed from federal-aid highways. An official from FHWA's environmental design and survey branch said that Louisiana's practice appeared to violate FHWA's maintenance standards because he did not believe that completely cutting and clearing trees was consistent with "good landscaping practice." FHWA can impose sanctions on states that do not comply with federal-aid highway maintenance requirements, according to an FHWA memorandum.

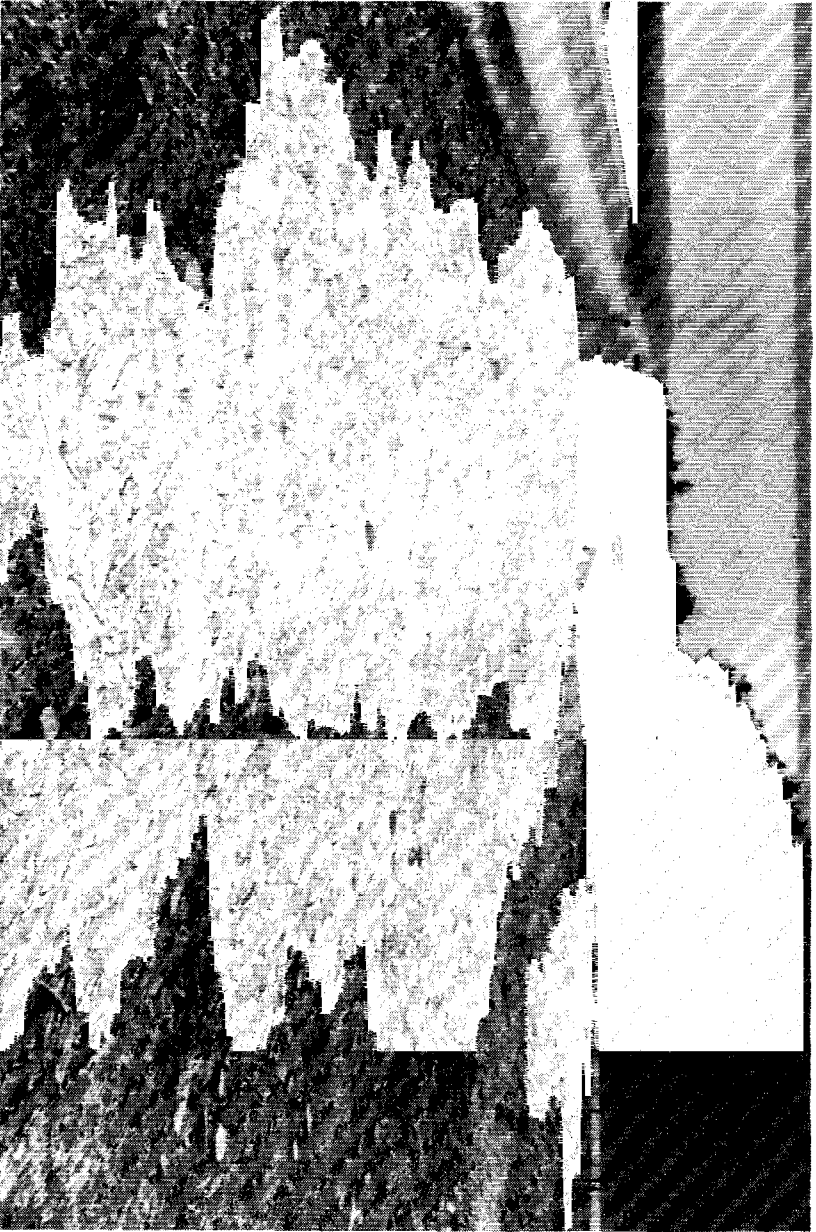
Prior to February 1983, Louisiana regulations provided that vegetation and trees could be removed only in front of signs with state permits that were erected before the trees were planted. In addition, Louisiana's regulations prohibited the issuance of sign permits for new signs whose visibility was obscured by existing right-of-way vegetation or trees. A February 1983 state directive on "outdoor advertising visibility maintenance" changed state policy to allow vegetation and tree removal where new signs are erected by state permit. As a result of this change, the state has issued permits for new signs whose visibility was obscured by existing vegetation or trees and then granted permits allowing the removal of the vegetation and trees.

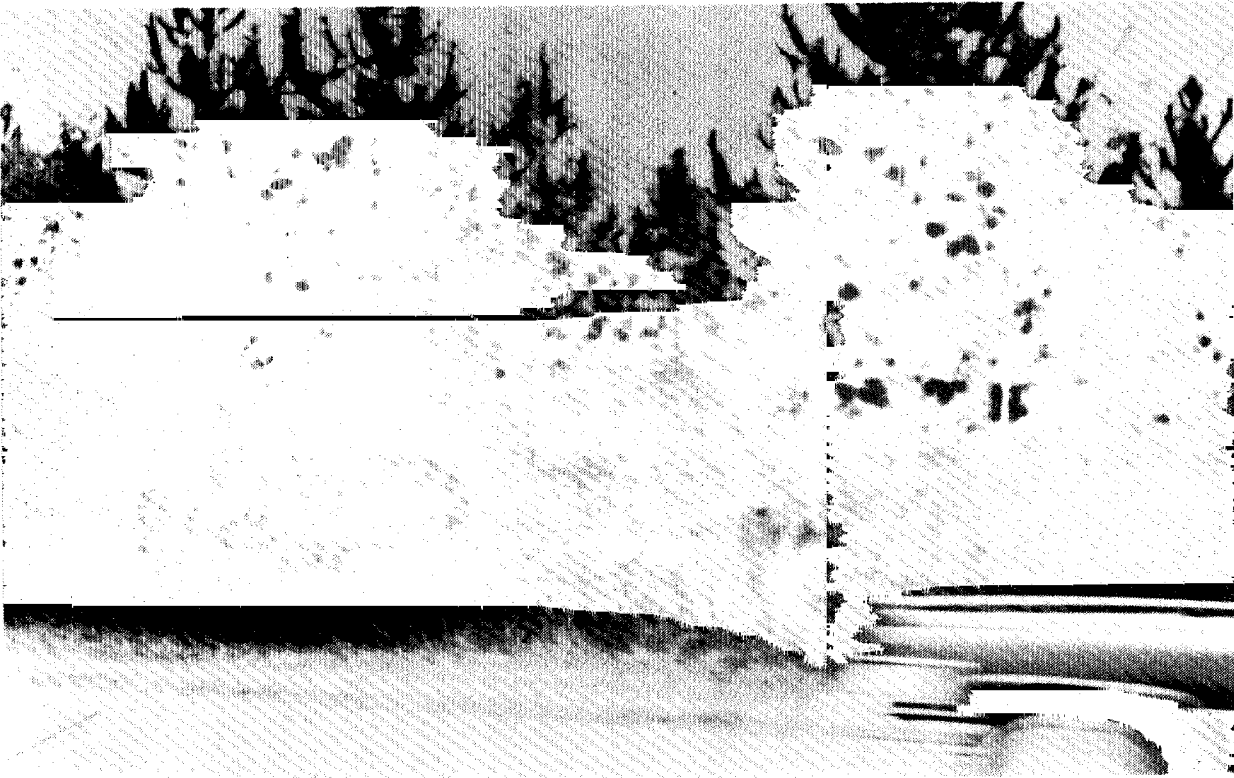
Between 1973 and 1978, Louisiana planted 2 million pine trees along interstate highways in order to control vegetation and reduce maintenance costs, according to state officials. They said that these trees were purchased with state funds for about \$120,000. The state now allows sign owners to cut these trees down in order to enhance sign visibility.

During calendar year 1983, Louisiana issued 46 permits for the removal of right-of-way vegetation or trees near signs. Ten



Tree-cutting site on Interstate 55 in Louisiana.





Before tree cutting.



After tree cutting.

of these permits were for vegetation or tree removal near newly erected signs. At one site, over 2,000 feet of vegetation and trees were cut and cleared to enhance the visibility of two signs. We counted over 900 stumps from destroyed trees at this site. We visited another site both before and after the tree cutting and counted over 175 trees that were destroyed. (See photographs, pp. 35 and 36.) State officials explained that the state believes that sign owners should be able to cut trees in front of signs with valid state sign permits.

MOTORIST INFORMATION ALTERNATIVES

Having motorist information alternatives makes it easier to control outdoor advertising signs, according to a 1979 Department of Transportation task force. The FHWA Task Force to Restudy Directional and Informational Signing was established to restudy sign standards and develop signs which are functional and esthetically compatible with their surroundings. It reported that:

"The lack of effective information alternatives deters removal of nonconforming advertising signs, and delay in removal of nonconforming signs reduces incentives to provide alternative information systems. Based on past experience, there is a need for greater Federal encouragement to establish motorist information systems and for private industry to participate in their development."

In response to our questionnaire survey, 19 states indicated that the option of alternative signs or information centers had a very positive or somewhat positive impact on their states' ability to develop an effective outdoor advertising control program; 2 states reported that the option had a somewhat negative impact; and 29 states indicated it had neither a positive nor a negative impact. The states provided the following information on the types of signs they allow along interstate and primary highways.

<u>Type of sign</u>	<u>Interstate highways</u>		<u>Primary highways</u>	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Official general service signs (indicating nonspecified gas, lodging, etc.) are allowed	46	4	37	12 ^a
Official specific service signs (company logos, etc.--see photograph, p. 38) are allowed	24	25 ^a	19	30 ^a

^aWhile all 50 states returned the questionnaire, not all states responded to each question.

The states also provided the following information on motorist information centers along their interstate and primary highways. (See photograph, p. 38.)



Interstate logo sign.



Travelers' information center.

Type of information center	Interstate highways		Primary highways	
	States having centers	Total number of centers	States having centers	Total number of centers
Staffed	42	259	24	64
Unstaffed (including bulletin boards, etc.)	22	577	20	628

Of the states we reviewed in detail, six--Georgia, Kentucky, Louisiana, Maine, Oregon, and South Dakota--offered motorist information alternatives, and the seventh state--Arizona--was considering a logo sign program. Information on Georgia's logo signs and Maine's official directional signs and information centers follows.

--According to a state official, as part of its outdoor advertising control program, Georgia established a logo sign system under which up to four logo panels are placed within the right-of-way of each quadrant of an interstate highway's interchange. A maximum of six logo signs may be mounted on each panel. These signs inform motorists of the availability of gas, food, lodging, and camping services located at the interchange exit. As of April 1984, the state had installed 494 logo panels containing 764 business logo emblems. An annual fee of \$100 is charged to a business for each logo emblem.

--Maine officials believe that outdoor advertising provides a service to the traveling public and that in order to have a successful sign-control program, alternative information systems must be developed to replace the signs being removed. Accordingly, the state established a travel information advisory council whose responsibility included advising the state's transportation commissioner on alternative information systems. The council's primary efforts in the development of alternative information systems centered on official business directional signs (see photograph, p. 40) and the travel information centers (see bottom photograph, p. 38).

The directional signs are the first stage in a program to develop a comprehensive, statewide information system for travelers. The system consists of signs erected for area businesses within the right-of-way along Maine's primary and secondary roads. The signs are permitted in three standard sizes and show the name of the business or attraction, a directional arrow and mileage, and a universally recognized symbol or company trademark. Maine charges an annual permit fee of up to \$25 for each sign.

As of December 15, 1983, the state had issued 2,605 directional sign permits; of these, 1,836 (70 percent) were issued in fiscal year 1983. State officials expected permit applications to increase significantly during fiscal year 1984.

Motorists in Maine can also obtain information at Maine information centers. These unstaffed facilities contain information on regional businesses and tourist attractions. As of January 1984, the state had six such unstaffed information centers and plans to have 40 by 1985. The state also has two staffed information centers where statewide business and tourist information is available.



An official business directional sign in Maine.

The development of logo signs

In recent years there has been a growing interest in specific information logo signs, according to FHWA officials. They said that motorists and businesses usually like these signs--motorists find them less offensive than billboards and more helpful than more general "food, gas, lodging" signs; and businesses like them because logo signs provide specific business advertising. A 1984 survey by the Arizona Department of Transportation reports that:

--Fifteen states have operating logo programs.

--One state has an experimental or pilot logo sign project.

--Nine states have plans to implement logo sign programs.

--Six states are studying the possible use of logo signs.

Of the seven states we reviewed in detail, Georgia, Kentucky, Oregon, and South Dakota had operating logo sign programs and Arizona was studying the possibility of such a program. Louisiana and Maine did not have logo programs.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

It has been almost two decades since the Congress required states to control outdoor advertising along federal-aid interstate and primary highways. While progress has been achieved in removing nonconforming and illegal signs, many such signs are still standing and are likely to remain so unless the Department of Transportation and the Congress act.

Removals of nonconforming signs have been hindered by the lack of federal funds for paying the federal share of compensation to sign and site owners. Without federal funding or a change in the compensation requirement of the act, as amended, it is unlikely that many of the remaining nonconforming signs will be removed. According to FHWA, excluding the signs affected by the 1978 amendment, about 124,000 nonconforming signs remain standing and about \$427 million in federal funds--more than has been expended on the program since it began--could be required to compensate sign and site owners for their removal.

In addition, the 1978 amendment to the Highway Beautification Act's compensation provision significantly increased the cost of outdoor advertising control by increasing the number of signs that cannot be removed without monetary compensation. The amendment requires that monetary compensation be paid for signs that are removed because they do not conform to local laws or ordinances. As a result of this amendment, signs that would have been removed without compensation under local ordinances remain standing. According to FHWA, removing the additional 38,000 signs which became eligible for compensation under the 1978 amendment could cost an additional \$334 million in federal funds.

Since fiscal year 1982, the administration has not requested the federal funding which is necessary to remove the remaining nonconforming signs. According to budget statements and other documents, the program was being reassessed. In 1983, FHWA completed a comprehensive review of state outdoor advertising control programs and proposed program changes to the Office of the Secretary. As of October 1984, this proposal was still being considered by the Office of the Secretary.

Although removing illegal signs does not depend on the availability of federal funds, the Department of Transportation, through FHWA, decreased its oversight of state sign control programs when federal funding decreased. We believe that reduced federal oversight may have contributed to relaxed enforcement by some states of outdoor advertising control requirements, including the requirement that illegal signs be removed expeditiously. FHWA's 1983 review of state programs indicated that some states were not meeting this requirement. While the Secretary of Transportation has not imposed the highway funding penalty for a program infraction against any state since 1977, FHWA has worked with states in an effort to resolve problems with their outdoor advertising control programs.

FHWA's annual statistical progress report on the highway beautification program includes nationwide and state-by-state data on progress in controlling outdoor advertising. The report is based on data provided by the states and, while we did not examine in depth the reliability of these data, we found the data on signs which remain standing to be inaccurate or incomplete for three of the seven states we reviewed. We believe that effective oversight of the outdoor advertising control program requires reliable data on state program progress.

RECOMMENDATION TO THE
SECRETARY OF TRANSPORTATION

FHWA has completed a review of the program and has presented proposed program changes to the Office of the Secretary, which would require legislation. We recommend, therefore, that the Secretary of Transportation complete the review of the FHWA proposal, develop the Department's position on the program, and present that position to the Congress.

RECOMMENDATION TO THE CONGRESS

Accomplishing the goal of the Highway Beautification Act of 1965--to control outdoor advertising along federally funded interstate and primary highways--will require additional federal funding or a change in the compensation requirement of the act, as amended. We, therefore, recommend that the Congress reassess the outdoor advertising control program. In making this reassessment, the Congress will need to weigh the program's goal and requirements against program costs and, if warranted, consider changes to the goal and requirements which reflect an appropriate level of funding.

HIGHWAY BEAUTIFICATION PROGRAM EXPENDITURES
FOR OUTDOOR ADVERTISING CONTROL
AS OF SEPTEMBER 30, 1984

<u>Fiscal years</u>	<u>Amount</u> (000 omitted)
1966	\$ 1,627
1967	100
1968	-
1969	-
1970	-
1971	7
1972	550
1973	4,637
1974	16,351
1975	20,843
1976	26,694
1977	20,860
1978	19,468
1979	16,691
1980	14,073
1981	8,686
1982	5,721
1983	2,893
1984	<u>2,365</u>
 Total	 \$161,566
 Bonus payments	 <u>41,699</u>
 Total	 <u>\$203,265</u>

Source: Federal Highway Administration

QUESTIONS ADDRESSED BY GAO

<u>Question</u>	<u>Discussed on page(s)</u>
How many illegal and nonconforming signs have been removed?	6
How many illegal and nonconforming signs remain standing?	6
How reliable are program progress data?	14
How much has the federal government expended on sign removal?	2
How much will it cost to remove the remaining illegal and nonconforming signs?	7, 11, 22
How many new signs are being erected and how are they being justified?	15
How has the priority order for acquiring nonconforming signs been determined?	28
How are sign compensation values determined?	28
How much sign maintenance and upgrading is permitted and what is its impact on compensation values?	29
Have signs been paid for but not removed? Are there adequate controls to prevent this?	31
Who is responsible for tree cutting and vegetation control?	31
Do states permit sign owners to control vegetation near their signs?	32
Have states had problems with illegal tree-cutting near signs?	32
How effective are state sign-control programs?	18
How effective is federal oversight of state sign-control programs?	17
How has the 1978 amendment to the act's compensation provision affected sign control in cities and other localities?	22

QUESTIONNAIRE RESULTSSTATES' VIEWS ON PROGRAM OPTIONS

Question: To what extent, if at all, do you favor or oppose the following program options?

Responses:

EXTENT OF FAVOR OR OPPOSITION

<u>PROGRAM OPTIONS</u>	Favor to a great extent	Favor somewhat	Neither favor nor oppose	Oppose somewhat	Oppose to a great extent	Number of states responding
a. Repeal the Highway Beautification Act.	8	6	1	11	24	50
b. Make the current program optional for states.	9	11	4	11	15	50
c. Repeal the compensation requirements of the Highway Beautification Act.	9	3	13	6	19	50
d. Repeal the compensation clause of the 1978 amendment.	23	4	13	1	9	50
e. Reduce the number of exempted sign categories.	3	6	16	12	16	50
f. Increase the number of exempted sign categories.	6	11	12	8	13	50
g. Limit the program to removing illegal signs and restricting the number of new signs.	8	9	7	10	15	49
h. Limit the program to interstate highways.	11	7	2	14	16	50
i. Authorize federal funds for the removal of nonconforming signs.	31	7	8	2	2	50
j. Allow funding penalties less than 10% for states with minor infractions.	17	8	16	1	8	50

HIGHWAY BEAUTIFICATION PROGRAM

SUMMARY OF STATES PENALIZED UNDER 23 U.S.C. SECTION 131(b)

STATE	YEAR AND REASON	EFFECTS ON FUNDING	STIPULATIONS
Alabama	1977 Failure to control signs beyond 660 feet as required by the 1974 Federal-Aid Highway Amendments	\$12,390,285 was held in reserve but restored to the state upon settlement of penalty with stipulation	-Enactment of necessary legislation -Removal of certain signs at 100% state expense
New York	1977 Failure to control signs beyond 660 feet as required by 1974 Federal-Aid Highway Amendments -Lack of required control regulations -Operational deficiencies	\$34,361,957 was held in reserve but restored to the state upon settlement of penalty with stipulation	-Enactment of necessary legislation -Removal of certain signs at 100% state expense -Development of control regulations -Correction of operational deficiencies
Oklahoma	1977 Failure to control signs beyond 660 feet as required by 1974 Federal-Aid Highway Amendments	\$6,094,014 was held in reserve but restored to the state upon settlement of penalty with stipulations	-Enactment of necessary legislation -Removal of certain signs at 100% state expense
South Dakota	1973 -Adopted legislation zoning extensive areas along the interstate and primary highways commercial and industrial -Unzoned area definition in state law unacceptable as basis for agreement	\$3,361,546 was held in reserve but restored to the state upon settlement of penalty with stipulations	-Enactment of complying legislation -Removal of certain signs at 100% state expense
South Dakota	1977 State adopted inadequate legislation after its complying legislation was found unconstitutional and voided by state supreme court	\$2,505,103 was permanently withheld from the state; \$7,222,381 was reserved but restored to the state with stipulations	-Enactment of complying legislation -Execution of state/federal agreement -Removal of certain signs at 100% state expense
Vermont	1973 Failure to pay just compensation for the removal of nonconforming signs as required by the Highway Beautification Act	\$7,318,063 was held in reserve but restored to the state upon settlement of the penalty with stipulations	-Enactment of complying legislation -Submission of approved acquisition procedures -Submission of a schedule of sign removals and evidence of state appropriations to remove signs

Source: Federal Highway Administration

DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
 OFFICE OF HIGHWAYS
 Sign Payment Schedule for
 Standard Poster Panel, Non-Illuminated

PHOTOGRAPH

Message: _____
 Sign Owner: _____
 Site Owner: _____
 Parcel No.: _____
 State Project No.: _____
 F.A.P. No.: _____
 Highway: _____
 Route: _____
 Parish: _____
 Permit No.: _____
 Description: _____
 Condition: _____
 Size: _____

1. Single, 12' x 25', 2 wood Poles, 300 Sq. Ft., 25' HAGL --- \$12.73 Sq. Ft.
2. Single-faced, 12' x 25', Steel Single Pole, 300 Sq., 20' HAGL --- \$17.02 Sq. Ft.
3. Single-faced, 12' x 24', 3 wood Poles, 288 Sq. Ft., 8' HAGL --- \$5.62 Sq. Ft.
4. Single-faced Eight Sheet Structure 6' x 12', 72 Sq. Ft., 6" steel pipe, 7' HAGL --- \$13.05 Sq. Ft.
5. Double-faced, 12' x 25', Back-to-Back Stacked, 2 wood Poles, 600 Sq. Ft., 25' HAGL --- \$9.44 Sq. Ft.
6. Double-faced, 12' x 25', Back-to-Back Stacked, 2 wood Poles, 1200 Sq. Ft., 12' HAGL --- \$7.27 Sq. Ft.
7. Double-faced, 12' x 25', V-Shaped, 3 wood Poles, 600 Sq. Ft., 25' HAGL --- \$11.04 Sq. Ft.
8. Double-faced, 12' x 25', Steel Single Pole, V-Shaped, 600 Sq. Ft., 24' HAGL --- \$13.52 Sq. Ft.
9. Double-faced, 12' x 25', Steel Single-Pole, Back-to-Back, 600 Sq. Ft., 24' HAGL --- \$12.93 Sq. Ft.
10. Double-faced, 12' x 25', Steel Flag, Back-to-Back, 600 Sq. Ft., 25' HAGL --- \$13.14 Sq. Ft.
11. Tri-faced, 12' x 25', Steel Single Pole, 900 Sq. Ft., Triangle, 20' HAGL --- \$14.04 Sq. Ft.
12. Tri-faced, 12' x 25', Triangle Shaped, 6 wood Poles, 900 Sq. Ft., 25' HAGL --- \$12.42 Sq. Ft.

Cost: No. _____ Sq. Ft. x \$ _____ \$ _____
 Estimated Cost New _____ \$ _____
 Estimated Depreciation _____ % x _____ \$ _____
 Total Estimated Value _____ \$ _____

Appraised By: _____ Date: _____
 Reviewed By: _____ Date: _____
 Real Estate Specialist: _____ Date: _____

Source: Federal Highway Administration

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