Synopsis: Revises outdoor advertising law and local tax treatment of certain outdoor advertising signs.

Type of Impact: Revenue increase to General Fund.

Agencies Affected: Department of Transportation, Department of the Treasury.

Office of Legislative Services Estimate

<table>
<thead>
<tr>
<th>Fiscal Impact</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
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</thead>
<tbody>
<tr>
<td>State Revenue</td>
<td>$5 million</td>
<td>$5 million</td>
<td>$5 million</td>
</tr>
<tr>
<td></td>
<td>(Approximate)</td>
<td>(Approximate)</td>
<td>(Approximate)</td>
</tr>
<tr>
<td>Local Revenue</td>
<td>Unknown</td>
<td>Unknown</td>
<td>Unknown</td>
</tr>
</tbody>
</table>

Defines the sign structures as real property subject to taxation, which may result in some unknown but positive local revenue increase.

BILL DESCRIPTION

Assembly Bill No. 3101 of 2004 makes various revisions to the “Roadside Sign Control and Outdoor Advertising Act,” P.L.1991, c.413 (C.27:5-5 et seq.) which regulates outdoor advertising signs. The primary fiscal component of this bill is section 16, establishing the effective date of the proposal. In this section the one-year sunset provision in P.L.2003, c.124, which imposes a fee of 6 percent of the gross amounts collected from a retail seller for billboard advertising space, is extended to June 30, 2007, and the fee reduced to 4 percent from July 1, 2006 through June 30, 2007. The bill makes other minor changes to the section of law imposing the fee.
Among the other features of the bill are: a limitation on the total number of square feet of advertising space permitted on outdoor advertising signs located on property owned or controlled by a State entity, a requirement that all holders of outdoor advertising licenses and permits submit financial disclosure statements to the Department of Transportation, and a change to the property taxation of billboards. The bill proposes that an outdoor advertising sign and the sign's supporting structure be considered as real property subject to local taxation. The bill also deletes subsection c. of R.S.54:4-1 that determines that steel outdoor advertising signs and their steel supporting structures are not real property for local tax purposes.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

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The current 6 percent fee, established pursuant to P.L. 2003, c.124 (C.54:4-11.1) has been in place for just less than one fiscal year. Since its enactment, significant revisions of its fiscal impact have been made. When the law was submitted for consideration in 2003, information from the Executive estimated that this fee would generate $24 million in 2004. Since that time, the Administration has revised its estimate for the fee downward to $10 million. As of June 14, 2004, the account has received approximately $4 million. Although the account may receive some remittance for the end of the fiscal year, it is unlikely to reach the current $10 million estimate. It is reasonable to assume the current 6 percent fee generates approximately $5 million, and economic factors will be fairly constant. Under the most likely scenario, the proposal could generate about $5 million for FY2005 and 2006, declining to about $3.3 million when the fee rate is reduced in FY2007.

The provisions defining the billboards and supporting structures as real property, and therefore subject to property taxation, is expected to result in some tax revenue to local governments. Data are not available to estimate the amount of such revenue at this time.

Section: Authorities, Utilities, Transportation and Communications
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Approved: David J. Rosen
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.