



# Oregon

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**DATE:** February 9, 2012

**TO:** House Committee on Transportation and Economic Development

**FROM:** Amy Joyce, Legislative Liaison

**SUBJECT:** HB 4031 – Outdoor Advertising Signs

## INTRODUCTION

House Bill 4031 would require a sign owner, in specific situations, to sell its outdoor advertising sign to the landowner where the sign is situated. The bill allows for the former sign owner to strip its state permit off the sign, and provides the possibility for the sign to be a legal outdoor advertising sign with a different state permit transferred to that sign structure.

## BACKGROUND

The state of Oregon regulates signs along state highways. Many local jurisdictions also have their own sign code. Where a local jurisdiction has a sign code, both the state and local sign regulations apply along the state highway. Some cities in Oregon have a substantial percentage of signs that are non-conforming under their local code, including those along the state routes that run through the city.

Oregon has a cap-and-replace sign permit system. There are a finite number of sign permits for outdoor advertising signs, including billboards. Permits are held by individuals and sign companies. To obtain a permit for a new outdoor advertising sign along a state highway, the owner must trade in one of its existing permits and apply to relocate that permit to build the new sign. For a sign company to get its permit off of a sign, under current law, the sign structure must be taken down. The permit holder can then use that permit immediately to trade it in for a permit on a new sign, or can bank the permit for later use.

The bill creates a system whereby the sign company can strip its permit off its sign – to use immediately elsewhere or to bank – without the sign coming down. This system is only available if the sign is non-conforming under the local code. The bill prescribes a method for the transfer of the sign structure to the property owner.

While the bill does not expressly state the next steps after the state permit comes off the sign, existing state sign regulation places specific requirements on the sign. First, under existing law the sign structure is not entitled to a brand new sign permit, which would increase the cap. That sign structure has already received its one permit it was entitled to under the law when the cap was set. Second, to continue legally as a revenue-producing outdoor advertising sign the landowner (or another sign company on their behalf) would need to file a relocation permit application with ODOT. However, if the sign were not to be “outdoor advertising” as defined in state law, it would not need a state permit. If the landowner used the sign as outdoor advertising

(e.g. by selling ad space) and did not get a state permit, the sign would be in violation of state law and ODOT would pursue removal of the sign structure as well as civil penalties from the landowner.

Assuming that landowners who pursue this option usually will want to continue its use as legal outdoor advertising, the new system created by this bill would not be available for signs that are non-conforming under the state code. The law does not allow a relocation permit to a place, for a size, or for any other reason making that sign non-conforming under the state's sign law. Furthermore, such allowance could put Oregon outside of the federal minimum standards for sign regulation, which can result in a significant loss of federal highway funds.

## **CONCLUSION**

The bill allows, in some instances, for a landowner to obtain the sign structure from the sign company, and, provided it obtains a state permit, to continue its legal use as outdoor advertising. Once the former sign company's permit has been stripped off the sign the structure it is not entitled to a brand new state permit, but will be able to continue as paid advertising by obtaining a relocation permit utilizing an existing permit.