

SUBJECT: Corporate sponsorship of nonprofit outdoor advertising on state highways

COMMITTEE: Transportation — favorable, without amendment

VOTE: 6 ayes — Alexander, Hawley, Y. Davis, Hamric, Pickett, Swinford
0 nays
3 absent — Edwards, Hill, Noriega

WITNESSES: For — None
Against — None
On — *Registered but did not testify:* John Campbell, Texas Department of Transportation

BACKGROUND: Transportation Code, sec. 391.068 authorizes the Texas Department of Transportation (TxDOT) to issue licenses and permits for outdoor advertising along state highways and other public roadways. Sec. 392.037 authorizes TxDOT to adopt rules regarding signs on state highway right-of-way.

DIGEST: HB 1697 would allow an outdoor sign erected or maintained by a nonprofit county agricultural fair to contain a sponsoring entity's logo or emblem if it comprised less than 25 percent of the sign's area.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2001.

SUPPORTERS SAY: HB 1697 is needed to stop unnecessary bureaucratic intrusion into perfectly legitimate private/nonprofit partnerships. County fairs and rodeos are important community events having significant economic impact in small towns and rural areas, especially for students and others competing for cash prizes and scholarship awards. Nonprofit fair associations need in-kind donations, financial contributions, and other support to remain viable. The state should encourage these types of relationships, not penalize them.

For example, TxDOT officials have determined that a marquee sign on State Highway 30 at the Walker County fairgrounds near Huntsville is illegal and should be removed. A local bank donated the electronic scrolling sign to the Walker County Fair Association. Although the sign primarily advertises the annual fair and rodeo, the bank's logo has been attached separately. TxDOT has informed the bank that the sign does not comply with its rules and requested that it be removed, apparently because it advertises an entity (the bank) other than the permittee (the fair association). The bank wants compensation from the fair association for the donated sign if the bank's logo is removed. HB 1697 would create a statutory exception for fair signs containing sponsors' logos that occupied less than one-quarter of the signs' space.

Many schools and school districts have corporate logos on outdoor athletic scoreboards and school signs as part of soft drink and beverage contracts. Schools spend tax money, yet those signs have not been deemed inappropriate or unlawful. Public television and radio acknowledge their corporate sponsors; certainly fairs should be granted the same privilege if they so choose.

Fair signs and others like them perform a valuable public service in promoting local culture and community spirit, crucial for the preservation of small-town life. Dual messages by civic partners are not mutually exclusive and should not be banned. TxDOT's outdoor advertising rules should be flexible enough to accommodate these important interrelationships.

OPPONENTS
SAY:

HB 1697 would carve out an exception that illustrates a questionable trend toward corporate involvement in public life, blurring the lines between private and public or nonprofit activity. State agencies are right to draw such distinctions as part of their regulatory functions. Nothing in the Transportation Code prevents businesses from donating to civic and charitable causes. If corporate sponsors want credit for their support, they should seek it in ways other than piggy-backing on regulated advertising by nonprofit organizations.

OTHER
OPPONENTS
SAY:

If the goal is to encourage private contributions to nonprofit organizations, the Legislature should allow corporate logos on all outdoor advertising by any non-profit corporation, not just a fair or rodeo.